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Item 10 (b) and (c) of the provisional agenda

ADMINISTRATIVE MATTERS: INTERNATIONAL CIVIL SERVICE COMMISSION; UNITED NATIONS JOINT STAFF PENSION FUND

Issues related to the United Nations common system and the United Nations pension system

Note by the Secretariat

Summary

Brings to the attention of the Industrial Development Board the recommendations of the International Civil Service Commission (ICSC) approved by the United Nations General Assembly in resolutions 47/216, 48/224 and 48/225 of relevance to UNIDO relating to personnel questions in the United Nations common system and to pension matters.

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Introduction

1. The United Nations General Assembly in resolution 47/216 (section I.A, para. 1) reaffirmed its central role with regard to the elaboration of the conditions of service for the United Nations common system as a whole and that of the International Civil Service Commission (ICSC) as the independent technical body responsible to the Assembly for the regulation and coordination of the conditions of service of the common system.

I. AMENDMENTS TO SCHEDULES I, III AND ANNEXES I AND II TO THE STAFF REGULATIONS

2. As provided in Article 11.5 of the Constitution of UNIDO, "The conditions of service of staff shall conform as far as possible to those of the United Nations common system." In accordance with that principle, regulation 13.3 of the Staff Regulations of UNIDO provides that the Director-General is authorized, within the budgetary level approved by the General Conference, to make appropriate amendments to the schedules and annexes to the staff regulations "so as to bring them into conformity with any relevant decisions that may be taken by the General Assembly of the United Nations on recommendation of the International Civil Service Commission".

3. In section II.B of resolution 47/216, the General Assembly recalled its resolution 44/198 by which it approved the establishment of a floor net salary scale for staff in the Professional and higher categories by reference to the

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corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service (the United States of America federal civil service). Accordingly, it approved, with effect from 1 March 1993, a revised scale of gross and net salaries for staff in the Professional and higher categories, through the consolidation of 6.9 multiplier points of post adjustment into the net base salary. In order to ensure that on implementation of the revised scale, no increase or loss in net remuneration (base salary plus post adjustment) were incurred, consequential adjustments, on a no-loss no-gain formula, in the post adjustment indices and multiplies at all duty stations, including Vienna, were introduced by ICSC effective 1 March 1993.

4. In section II.F, paragraph 1 of the same resolution, the General Assembly approved upon recommendation of ICSC, with effect from 1 January 1993, an increase from $1,050 to $1,270 in the children's allowance and an increase from $300 to $450 in the secondary dependant's allowance for staff in the Professional and higher categories. It further noted that the Commission would review the level of dependency allowances every two years.

5. In line with recommendations of ICSC for the management of the reimbursement of expenses under the education grant on the basis of different currency areas, the General Assembly, in section IV, paragraph 2 of resolution 47/216, approved, effective 1 January 1993, increases in the maximum reimbursement levels where education-related expenses are incurred in the following five currency areas: Finnish markka, Italian lire, Netherlands guilders, United Kingdom pounds and United States dollars.

6. The General Assembly in resolution 48/224 (section II. C, para. 1 and section IV, para. 1), based on the principle described in paragraph 3 above, approved with effect from 1 March 1994 a revised scale of gross and net salaries for staff in the Professional and higher categories through the consolidation of 3.6 multiplier points of post adjustment into the net base salary. As in the case of the 1993 scale, upon implementation of the 1994 scale, revised post adjustment multipliers and indices were established by the International Civil Service Commission on a no-loss no-gain formula.

7. Pursuant to staff regulation 13.3, schedule I (salary scales for Professional and higher categories), schedule III (staff assessment), annex I (dependency allowances) and annex II (amounts of education grant and special education grant) to the UNIDO staff regulations have been amended as explained below.

Schedule I: Salary scales for the Professional and higher categories

8. The revised salary scales as approved by the General Assembly in resolutions 47/216 and 48/224 respectively, are contained in annex I to the present document.

Schedule III: Staff assessment

9. In order to reflect the decisions of the General Assembly, the tables entitled "Assessment (continued)" in paragraph (i) have been replaced (see annex II to the present document).

Annex I: Dependency allowances, and
Annex II: Amounts of education grant and special education grant

10. The full texts of the amended annexes to the staff regulations are contained in annexes III and IV to the present document. The changes are marked by underlining and deletions are shown in square brackets.

II. AMENDMENT OF APPENDIX C TO THE STAFF RULES

11. In accordance with the procedure approved by the General Assembly in its resolution 41/208 for adjusting the pensionable remuneration in between comprehensive reviews, and following the promulgation by ICSC of the revised scales of pensionable remuneration, appendix C to the staff rules has been amended to show the revised scales of pensionable remuneration for the Professional and higher categories, effective 1 November 1993. The amendment of appendix C to the staff rules is contained in Director-General's Bulletin UNIDO/DG/B/Staff Rules/1/Rev.1/Amend.6 of 17 November 1993.

12. According to the ICSC methodology approved by the General Assembly in its resolution 46/192, section III, paragraph 4, the same interim adjustment applies to the pensionable remuneration of the Director-General of UNIDO and was implemented on 1 November 1993 in accordance with the terms of his contract.

III. STATUS OF WOMEN IN THE UNITED NATIONS SYSTEM

13. In section VI of General Assembly resolution 47/216, the Assembly urged the organizations of the United Nations common system to introduce a coherent plan for improving the status of women in each organization in the course of 1993 with full respect for their basic instruments and taking into account the recommendations of the International Civil Service Commission, and in that context to give attention not only to the representation, promotion and career progression of women, but also to work/family-related issues, spouse employment and the creation of an organizational climate conducive to the equal participation of men and women in the work of the organizations. The General Assembly requested the Commission to continue to report on a regular basis both on the extent of implementation of previous recommendations in that area and on new initiatives proposed or introduced by the organizations to enhance the status of women in the common system. A progress report on the status of women in the UNIDO Secretariat will be submitted to the Board at its fourteenth session.

IV. PENSION MATTERS AND AMENDMENT OF APPENDIX A TO THE STAFF RULES

Pensionable remuneration of staff in the General Service and related categories

14. Details of the comprehensive review by the International Civil Service Commission of the pensionable remuneration of staff in the General Service and related categories were reported to the General Conference in document GC.5/22.

Following the Commission's recommendation the General Assembly in resolution 48/225, section I, approved the revised methodology for determining pensionable remuneration of the General Service and related categories.

15. In accordance with the provisions of the same resolution the revised methodology was implemented on the occasion of the first adjustment of the salary scales of the General Service and related categories in Vienna with effect from 1 April 1994. Staff regulation 6.5 (a) provides that "The Director-General shall fix the salary scales for staff in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality, taking into account the recommendations of the International Civil Service Commission." Based on the approved ICSC methodology for an automatic interim adjustment of the salary scales and in coordination with the other Vienna-based Organizations, the Director-General implemented effective 1 April 1994 an interim salary adjustment of 3.8 per cent for staff in the General Service and related categories. The amendment of appendix A to the Staff Rules will be contained in Director-General's Bulletin UNIDO/DG/B/Staff Rules/1/Rev.1/Amend.7.

Representation of the UNIDO governing body on the UNIDO Staff Pension Committee

16. The UNIDO Staff Pension Committee, established by the General Conference (GC.1/Dec.37), held three meetings in 1993 and two meetings in the period January through August 1994.

17. The following representatives of the General Conference who by decisions GC.5/Dec.11 and IDB.12/Dec.3 were elected for the biennium 1994-1995, presently hold office for a term ending 31 December 1995:

Members:	Mr. A. Hennessy (United Kingdom of Great Britain and Northern Ireland) Mr. A. Aziria (Algeria)
Alternate members:	Mr. S. Szivos (Hungary) Mr. J. Garcia Torres (Peru)

Actions taken by the forty-sixth session of the United Nations Joint Staff Pension Board (UNJSPB)

18. Representatives of the UNIDO Staff Pension Committee attended the forty-sixth session of the United Nations Joint Staff Pension Board. The Pension Board met in Vienna in July 1994 and discussed, inter alia, the results of the actuarial valuation of the United Nations Joint Staff Pension Fund as of 31 December 1993 and actuarial matters, investments of the Fund, the pension adjustment system which applies to recipients of pension benefits, proposed transfer agreements with the Asian Development Bank and the European Bank for Reconstruction and Development, and the application for membership in the Fund by the International Centre for Genetic Engineering and Biotechnology (ICGEB). The Pension Board agreed to recommend to the General Assembly at its forty-ninth session that ICGEB be admitted as a member organization of the Fund effective 1 January 1996, subject to verification before the proposed entry date that the staff regulations, rules and salary scales eventually adopted by ICGEB conform to the common system of salaries and other conditions of service. Consensus agreement was reached on a package of measures on the pension adjustment system which applies to recipients of pension benefits, the lump sum commutation of pension benefits and the maximum number of years of creditable service for recommendation to the General Assembly, which, if approved, would become effective on 1 July 1995.

V. FINANCIAL IMPLICATIONS

19. As stated in paragraphs 3 and 6 above, the consolidation of post adjustment multiplier points into the net base salary for staff in the Professional and higher categories was coupled with a corresponding downward adjustment in the post adjustment portion of remuneration, based on a no-loss no-gain formula. Therefore, no financial implications emanated from the above adjustments.

20. In accordance with annex II to the Staff Regulations, for staff stationed in Vienna, the education grant is established in Austrian schillings. As there was no change in the schilling amount, the changes in the five currencies mentioned in paragraph 5 above had a minimal financial impact on UNIDO. Similarly, a minimal financial impact emanated from the changes in dependency allowances.

21. The estimated financial costs of the 1994 interim adjustment for staff in the General Service and related categories for the biennium 1994-1995 at $1 = AS 12.90 are for the regular budget $1,666,900 and for the operational budget $345,800. They can be absorbed within the appropriations already approved by the General Conference for the biennium.

VI. ACTION REQUIRED OF THE BOARD

22. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information contained in the note by the Secretariat (IDB.13/18), in particular regarding resolutions 47/216, 48/224 and 48/225 adopted by the United Nations General Assembly;

"(b) Notes the amendments made, in pursuance of regulation 13.3 of the Staff Regulations to schedules I and III and annexes I and II to the UNIDO Staff Regulations in order to bring them into conformity with the decisions of the General Assembly set out in its resolutions 47/216 and 48/224;

"(c) Also notes the amendments to appendices A and C to the UNIDO Staff Rules as reflected in paragraphs 13 and 17 of document IDB.13/18;

"(d) Notes the information on pension matters contained in chapter IV of document IDB.13/18."

Annex I

SCHEDULE I: SALARY SCALES FOR THE PROFESSIONAL AND HIGHER CATEGORIES SHOWING ANNUAL GROSS SALARIES AND THE NET EQUIVALENTS AFTER APPLICATION OF STAFF ASSESSMENT

(United States dollars)

A. Effective 1 March 1993

LEVEL		STEPS I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
Deputy Director-General																
DDG	Gross	134 454														
	Net D	79 716														
	Net S	72 087														
Director																
D-2	Gross	109 464	111 946	114 448	116 948	119 450	121 952									
	Net D	66 711	68 012	69 313	70 613	71 914	73 215									
	Net S	61 183	62 273	63 364	64 454	65 545	66 636									
Principal Officer																
D-1	Gross	96 315	98 417	100 529	102 667	104 810	106 952	109 094	111 237	113 377						
	Net D	59 847	60 961	62 075	63 187	64 301	65 415	66 529	67 643	68 756						
	Net S	55 304	56 308	57 296	58 228	59 162	60 096	61 030	61 964	62 897						
Senior Officer																
P-5	Gross	84 528	86 430	88 332	90 234	92 136	94 036	95 938	97 840	99 740	101 673	103 612	105 548	107 487		
	Net D	53 600	54 608	55 616	56 624	57 632	58 639	59 647	60 655	61 662	62 670	63 678	64 685	65 693		
	Net S	49 669	50 579	51 488	52 397	53 306	54 214	55 123	56 033	56 941	57 794	58 640	59 484	60 329		
First Officer																
P-4	Gross	69 020	70 843	72 661	74 480	76 302	78 120	79 941	81 794	83 649	85 502	87 355	89 213	91 066	92 921	94 775
	Net D	45 271	46 255	47 237	48 219	49 203	50 185	51 168	52 151	53 134	54 116	55 098	56 083	57 065	58 048	59 031
	Net S	42 103	43 000	43 894	44 789	45 686	46 580	47 476	48 363	49 249	50 135	51 021	51 909	52 795	53 681	54 567
Second Officer																
P-3	Gross	55 753	57 431	59 111	60 787	62 467	64 145	65 839	67 550	69 259	70 970	72 680	74 389	76 098	77 807	79 519
	Net D	38 014	38 937	39 861	40 783	41 707	42 630	43 553	44 477	45 400	46 324	47 247	48 170	49 093	50 016	50 940
	Net S	35 520	36 356	37 192	38 027	38 864	39 699	40 538	41 380	42 220	43 062	43 904	44 744	45 585	46 426	47 268
Associate Officer																
P-2	Gross	44 381	45 779	47 226	48 675	50 123	51 572	53 021	54 468	55 953	57 453	58 953	60 456			
	Net D	31 517	32 344	33 169	33 995	34 820	35 646	36 472	37 297	38 124	38 949	39 774	40 601			
	Net S	29 603	30 359	31 110	31 862	32 614	33 366	34 118	34 869	35 620	36 367	37 114	37 862			
Assistant Officer																
P-1	Gross	33 277	34 580	35 910	37 256	38 600	39 944	41 292	42 636	43 980	45 337					
	Net D	24 949	25 744	26 537	27 331	28 124	28 917	29 712	30 505	31 298	32 092					
	Net S	23 565	24 299	25 028	25 758	26 486	27 215	27 945	28 674	29 402	30 130					

D = Rate applicable to staff members with a dependent spouse or child.
S = Rate applicable to staff members with no dependent spouse or child.

Annex I (continued)

B. Effective 1 March 1994

LEVEL	STEPS I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
Assistant Secretary-General															
ASG Gross	125 677														
Net D	82 586														
Net S	74 721														
Director															
D-2 Gross	102 177	104 501	106 825	109 147	111 496	113 861									
Net D	69 113	70 460	71 808	73 155	74 503	75 851									
Net S	63 418	64 568	65 718	66 868	67 999	69 120									
Principal Officer															
D-1 Gross	89 918	91 906	93 896	95 882	97 872	99 862	101 852	103 842	105 830						
Net D	62 001	63 156	64 310	65 461	66 616	67 770	68 924	70 078	71 231						
Net S	57 346	58 333	59 319	60 302	61 287	62 272	63 257	64 242	65 226						
Senior Officer															
P-5 Gross	78 948	80 718	82 488	84 258	86 028	87 797	89 567	91 360	93 158	94 959	96 759	98 558	100 359		
Net D	55 530	56 574	57 618	58 662	59 707	60 750	61 794	62 839	63 882	64 926	65 970	67 014	68 058		
Net S	51 466	52 415	53 364	54 313	55 261	56 209	57 158	58 063	58 953	59 845	60 736	61 626	62 517		
First Officer															
P-4 Gross	64 509	66 200	67 896	69 591	71 291	72 986	74 683	76 404	78 130	79 855	81 579	83 308	85 033	86 759	88 485
Net D	46 901	47 920	48 938	49 955	50 974	51 992	53 010	54 028	55 047	56 064	57 082	58 102	59 119	60 138	61 156
Net S	43 618	44 545	45 471	46 397	47 325	48 250	49 177	50 103	51 028	51 952	52 876	53 803	54 728	55 653	56 578
Second Officer															
P-3 Gross	52 274	53 792	55 321	56 887	58 456	60 024	61 592	63 161	64 729	66 319	67 913	69 507	71 101	72 694	74 290
Net D	39 383	40 339	41 296	42 251	43 208	44 165	45 121	46 078	47 034	47 992	48 948	49 904	50 860	51 817	52 774
Net S	36 781	37 649	38 518	39 387	40 258	41 128	41 998	42 869	43 739	44 610	45 481	46 351	47 221	48 091	48 962
Associate Officer															
P-2 Gross	41 695	43 013	44 328	45 665	47 022	48 380	49 738	51 095	52 455	53 811	55 174	56 578			
Net D	32 652	33 508	34 363	35 219	36 074	36 929	37 785	38 640	39 496	40 351	41 206	42 063			
Net S	30 660	31 442	32 221	33 000	33 777	34 553	35 330	36 106	36 884	37 660	38 436	39 216			
Assistant Officer															
P-1 Gross	31 393	32 604	33 812	35 023	36 287	37 551	38 818	40 082	41 346	42 611					
Net D	25 847	26 671	27 492	28 315	29 136	29 958	30 782	31 603	32 425	33 247					
Net S	24 418	25 181	25 942	26 704	27 453	28 203	28 954	29 704	30 453	31 203					

D = Rate applicable to staff members with a dependent spouse or child.
S = Rate applicable to staff members with no dependent spouse or child.

Annex II

SCHEDULE III: STAFF ASSESSMENT

A. Effective 1 March 1993

Regulation 6.8 (a)

(i) The assessment shall be calculated at the following rates for staff whose salary rates are set forth in regulation 6.1 of the present regulations:

Total assessable payments (US dollars)	Assessment (in percentages): Staff assessment rates for purposes of pensionable remunerations and pensions
First $15,000 per year	4
Next $10,000 per year	20
Next $10,000 per year	25
Next $20,000 per year	29
Next $20,000 per year	32
Next $20,000 per year	35
Next $30,000 per year	37
Remaining assessable payments	39

Assessment (continued) (in percentages)

Total assessable payments (US dollars)	Staff assessment rates used in conjunction with gross base salaries and the gross amounts of separation payments: Staff member with a dependent spouse or a dependent child	Staff member with neither a dependent spouse nor a dependent child
First $15,000 per year	13.0	17.1
Next $ 5,000 per year	31.0	34.2
Next $ 5,000 per year	34.0	38.4
Next $ 5,000 per year	37.0	41.7
Next $ 5,000 per year	39.0	43.7
Next $10,000 per year	41.0	45.8
Next $10,000 per year	43.0	48.1
Next $10,000 per year	45.0	50.2
Next $15,000 per year	46.0	50.8
Next $20,000 per year	47.0	52.2
Remaining assessable payments	48.0	56.4

(ii) The assessment shall be calculated at the following rates for staff whose salary rates are established under regulation 6.5 (a) of the present regulations:

Total assessable payments (US dollars)	Assessment (per cent)
First $2,000 per year	15
Next $2,000 per year	18
Next $2,000 per year	20
Next $2,000 per year	21
Next $4,000 per year	22
Next $4,000 per year	23
Next $4,000 per year	24
Next $6,000 per year	25
Next $6,000 per year	25.5
Next $6,000 per year	26
Next $8,000 per year	26.5
Next $8,000 per year	27
Next $8,000 per year	27.5
Next $8,000 per year	28
Remaining assessable payments	29

(iii) The Director-General shall determine which of the scales of assessment set out in (i) and (ii) above shall apply to staff whose salary rates are established under regulation 6.4 or 6.6 of the present regulations."

Annex II (continued)

B. Effective 1 March 1994

Regulation 6.8 (a)

(i) The assessment shall be calculated at the following rates for staff whose salary rates are set forth in regulation 6.1 of the present regulations

Assessment
(in percentages)

Total assessable payments (US dollars)	Staff assessment rates for purposes of pensionable remunerations and pensions
First $15,000 per year	4
Next $10,000 per year	20
Next $10,000 per year	25
Next $20,000 per year	29
Next $20,000 per year	32
Next $20,000 per year	35
Next $30,000 per year	37
Remaining assessable payments	39

Assessment (continued)
(in percentages)

Total assessable payments (US dollars)	Staff assessment rates used in conjunction with gross base salaries and the gross amounts of separation payments	
	Staff member with a dependent spouse or a dependent child	Staff member with neither a dependent spouse nor a dependent child
First $15,000 per year	9.0	12.4
Next $ 5,000 per year	21.0	26.9
Next $ 5,000 per year	25.0	30.4
Next $ 5,000 per year	29.0	34.7
Next $ 5,000 per year	32.0	37.0
Next $10,000 per year	35.0	40.7
Next $10,000 per year	37.0	42.8
Next $10,000 per year	39.0	44.5
Next $10,000 per year	40.0	45.4
Next $15,000 per year	41.0	46.4
Next $20,000 per year	42.0	50.5
Remaining assessable payments	43.0	52.6

(ii) The assessment shall be calculated at the following rates for staff whose salary rates are established under regulation 6.5 (a) of the present regulations:

Total assessable payments (US dollars)	Assessment (per cent)
First $2,000 per year	15
Next $2,000 per year	18
Next $2,000 per year	20
Next $2,000 per year	21
Next $4,000 per year	22
Next $4,000 per year	23
Next $4,000 per year	24
Next $6,000 per year	25
Next $6,000 per year	25.5
Next $6,000 per year	26
Next $8,000 per year	26.5
Next $8,000 per year	27
Next $8,000 per year	27.5
Next $8,000 per year	28
Remaining assessable payments	29

(iii) The Director-General shall determine which of the scales of assessment set out in (i) and (ii) above shall apply to staff whose salary rates are established under regulation 6.5 or 6.6 of the present regulations.

Annex III

DEPENDENCY ALLOWANCES: FULL TEXT OF ANNEX I, PARAGRAPH A, TO THE UNIDO STAFF REGULATIONS

Regulation 6.9

A. Staff members whose salary rates are set forth in schedule I of the present regulations shall be entitled to receive dependency allowances as follows:

(i) At $US 1,270 [1,050] per year for each dependent child, except that the allowance shall not be paid in respect of the first dependent child if the staff member has no dependent spouse, in which case the staff member shall be entitled to the dependency rate of staff assessment under subparagraph (i), regulation 6.8 (a), schedule III. When a dependent child is determined to be physically or mentally handicapped either permanently or for a period expected to be of a long duration, the allowance shall be $US 2,540 [2,100]. If the staff member has no dependent spouse and becomes entitled to the dependency rate of staff assessment by virtue of such a child, an allowance of $US 1,270 [1,050] shall be payable in respect of the child.

(ii) Where there is no dependent spouse, a single annual allowance of $US 450 [300] per year for either a dependent parent, a dependent brother or a dependent sister. The amount of either of these allowances payable in local currency shall not be less than the local currency equivalent of the dollar amount at the time it was established or last revised;

Annex IV

AMOUNTS OF EDUCATION GRANT AND SPECIAL EDUCATION GRANT:
FULL TEXT OF ANNEX II TO THE UNIDO STAFF REGULATIONS

Regulation 6.10 (a)

The amount of the grant for each child per scholastic year shall be 75 per cent of the first $US 13,000 [11,000] of admissible educational expenses, up to a maximum grant of $US 9,750 [8,250]. For staff serving at duty stations where educational facilities are not available or are deemed inadequate, as determined by the International Civil Service Commission, the amount of the grant in respect of primary and secondary education shall be 100 per cent of boarding costs up to $US 3,000 plus 75 per cent of admissible costs of attendance up to $US 13,000 [11,000] per year, with a maximum grant of $US 12,750 [11,250] per year. However, in areas where the above-mentioned expenses are incurred in specific currencies, the maximum amounts of admissible expenses expressed in these currencies shall be those set by the International Civil Service Commission.

Regulation 6.10 (b)

The amount of the grant for each disabled child per year shall be the equivalent of the educational expenses actually incurred, up to a maximum of $US 13,000 [11,000]. However, in areas where the above-mentioned expenses are incurred in specific currencies, the maximum amounts of admissible expenses expressed in these currencies shall be those set by the International Civil Service Commission.

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MEDIUM-TERM PLAN, 1996-2001
(INCLUDING GENERAL CEILING FOR THE BIENNIUM 1996-1997)

Revised draft medium-term plan, 1996-2001

Proposals of the Director-General

Summary

The draft medium-term plan, 1996-2001, was submitted to the tenth session of the Programme and Budget Committee in document PBC.10/12. The Committee, in its conclusion 94/6, took note of it and requested the Director-General to submit an updated draft medium-term plan to the Industrial Development Board at its thirteenth session. The present document responds to that request, which called for a "more concise, focused and action-oriented" approach.

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Introduction

1. UNIDO has undergone an extensive process of restructuring. 1/ In line with the reform of the Organization, the medium-term plan as the principal policy framework of UNIDO has been modified in its content and in its structure so as to reflect the new programme priorities. The medium-term plan, 1996-2001, also reflects the role of UNIDO within the entire system of international development cooperation in which the roles of bilateral and multilateral agencies as well as those of technical cooperation and financial institutions are being redefined.

2. The overall reform efforts of the United Nations system bear manifold and far-reaching implications for UNIDO, which, in the coming years, will have to pursue a two-pronged approach. First, UNIDO needs to ensure that through its industrial development programmes it directly contributes to overall socio-economic development and thus to the attainment of global, system-wide goals. One goal is environmentally sustainable development as conceived by the United Nations Conference on Environment and Development under Agenda 21. Other goals concern issues addressed in system-wide programmes such as for population and development, social development and women and development. On these issues global United Nations conferences with active participation by UNIDO are scheduled for 1994-1995 and will require follow-up in the plan period. In all these areas, the instrumental role of the productive sectors in general, and of industry in particular, in achieving overall socio-economic objectives must be emphasized.

3. Secondly, UNIDO will have to sharpen its own profile as lead specialized agency for industrial development. In response to priority needs of industry, the Organization will focus on elaborating comprehensive programmes in support of industrial development in developing countries, and on enhancing international industrial cooperation. On this basis, the Organization will become an effective player in United Nations country teams and ensure that industry and its priority subsectors are an integral element of overall United Nations country strategies.

4. UNIDO will endeavour to: (a) ensure consistency of approaches throughout the United Nations system in support of industrial development in developing countries; (b) ensure coordination of relevant efforts by various agencies in the system; and (c) promote co-ordination and pooling of resources from various donors and agencies for co-financing industrial programmes and projects in developing countries. To this end, UNIDO will strengthen its linkages with all United Nations programmes, departments and agencies relevant to industrial development in order to develop joint programmes and inter-sectoral approaches.

5. In view of the growing importance of regional cooperation, UNIDO will have to enhance its co-operation with the regional commissions. Since the needs and requirements of various regions differ from each other, tailor-made approaches will be developed to establish the most effective strategy and programmes for cooperation with different regional commissions. In the various regions, UNIDO will also have to play its role in generating a developmental impetus in countries or regions where the United Nations is involved in emergency assistance.

6. UNIDO is ready to render full support to implementing the new development paradigm of the United Nations Development Programme (UNDP), "sustainable human development", for which industrial development must constitute a vital cornerstone and an essential programme focus. In this context, the Organization will insist, however, that a clear division of labour between UNDP as a central funding agency and UNIDO (as well as other specialized agencies) as a substantive implementing agency be maintained.

I. NEW FORMAT OF THE MEDIUM-TERM PLAN

7. It is recalled that the current medium-term plan, 1994-1999, approved by the General Conference at its fifth session as contained in document IDB.10/5, follows a structure consisting of five priority problem areas, three elements common to industrial development and six programme instruments of UNIDO as requested in resolution GC.4/Res.25. In the present proposal, this structure has been revised and now comprises the five new development objectives and the related services of UNIDO, three special considerations, six programme instruments (with a revised structure) and three supporting activities. Executive management, general administrative functions, evaluation as well as public information and other recurrent activities are not covered in the present document.

8. The General Conference at its fifth session requested the Director-General in resolution GC.5/Res.1 "to ensure the compatibility of the activities within the medium-term plan with the policy framework of UNIDO outlined in document GC.5/23 and endorsed by the General Conference in resolution GC.5/Res.18". In response, under the description of the five development objectives, their relationship with the former priority problem areas is clearly indicated (see paras. 11-17 below). Relevant system-wide priority themes such as environment and social development have also been taken into account and integrated into the UNIDO development objectives.

A. Period covered

9. The period covered by the present draft medium-term plan is six years, from 1996 to 2001. This is in conformity with General Conference decision GC.2/Dec.23, paragraph (b), in which the Director-General is requested to submit to the Board in the first year of each fiscal period, through the Programme and Budget Committee, a draft medium-term plan for the six years that follow the current fiscal period. However, in view of the rapidly changing global economy as well as the changing role and structure of the

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1/ The relevant proposals submitted by the Director-General in document GC.5/23 were adopted by the General Conference in its resolution GC.5/Res.18. In accordance with the new objectives and priorities of the Organization, a new organizational structure was put into place as of 1 January 1994, which is specified in terms of the functions and responsibilities of each organizational unit in Director-General's Bulletin UNIDO/DG/B.175. A summary account of the guiding principles of the restructuring process is provided in document IDB.13/10-PBC.10/12, in paragraphs 6-16.

United Nations system, projecting the socio-economic and industrial prospects until the year 2001 is a very difficult task. This difficulty is intensified by the fact that the document is submitted to the Programme and Budget Committee in the first year of the biennium preceding the first year of the period covered. For this reason, the present draft medium-term plan concentrates on the programme of the first four years, that is, 1996-1999, whereas for the remaining two years the plan should be seen only as indicative. A proposal to reduce the future coverage to a four-year period is contained in the proposed draft decision presented below in chapter III of the present document. This proposal reflects consultations with the United Nations Secretariat in New York which - in the context of revising the format of the United Nations medium-term plan - is at present also proposing a four-year period for the future.

B. Medium-term plan as the medium-term programme framework

10. The medium-term plan should serve as the principal framework for the biennial programme. Therefore special attention was given to linking the plan more closely to the work programme. Furthermore, in recognition of the medium-term plan document as the main framework for the work programme, it is proposed that the medium-term plan be renamed the "medium-term programme framework". This proposal is also reflected in the text of the proposed draft decision for the consideration of Member States contained in chapter III of the present document.

C. Compatibility with previous medium-term plan

11. In pursuance of General Conference resolution GC.5/Res.1, a brief comparative assessment is made below as regards the consistency and connection between the previous and the present medium-term plan. In doing so, special emphasis is given to the relation between the five priority problem areas of the previous medium-term plan and the five development objectives outlined in document GC.5/23. The five "new" development objectives fall well within previously established mandates and priorities yet they permit a clearer focus. Overall consistency has thus been maintained. In order to establish a more explicit relationship, a short review of each of the five development objectives is given below before elaborating them in greater detail in chapter II.

Development objective I: Industrial and technological growth and competitiveness

12. The attainment of industrial and technological growth and competitiveness is a sine qua non for developing countries if they are to accelerate their industrial development. A fundamental task for UNIDO is thus to render technical cooperation and other services in this basic field.

13. A direct link exists to the following previous medium-term plan priority problem areas: industrial rehabilitation and modernization; small- and medium-scale industries (with respect to their modern segment which, both through linkages with large-scale manufacturing firms and through innovative forms of flexible specialization and collective efficiency, assumes critical functions for competitive industrial systems); and development and transfer of technology (primarily through the development of domestic technological capabilities as the basis for self-sustained industrial development).

Development objective II: Development of human resources for industry

14. This development objective corresponds directly with the priority problem area "human resource development" in the medium-term plan, 1994-1999.

Development objective III: Equitable development through industrial development

15. This development objective addresses the basic needs of developing countries, in particular the least developed countries, for poverty alleviation and for inducing more equitable development patterns. A direct link to previous medium-term plan priority problem areas exists with small- and medium-scale industries, inter alia, as a mechanism to promote rural industrialization.

Development objective IV: Environmentally sustainable industrial development

16. This development objective reflects the international community's growing concern about the need to abate and prevent pollution attributable to industry as well as to utilize industrial capabilities to provide solutions for sustainable economic growth. It corresponds to the medium-term plan priority problem area "environment and energy".

Development objective V: International cooperation in industrial investment and technology

17. This development objective is derived from the constitutional mandate of UNIDO to promote industrial cooperation on global, regional and national, as well as on sectoral levels. It corresponds to the former priority problem area "transfer of technology" as well as to the former common element "mobilization of financial resources for industrial development". The latter covered both the mobilization of investment resources for developing countries (which is now dealt with under the present fifth development objective) and the mobilization of financial resources for UNIDO programmes (which now is dealt with separately in paras. 140-144 below). With economic and technical cooperation among developing countries (ECDC/TCDC) being a key dimension of this objective, it is also closely linked with the common element "ECDC and subregional industrial cooperation" of the previous medium-term plan. Seen from the perspective of the previous medium-term plan format, this implies changes as summarized in table 1 presented below.

II. THE RESPONSE OF UNIDO TO INDUSTRIAL COOPERATION CHALLENGES IN THE PLAN PERIOD

18. In document IDB.13/10-PBC.10/12, a summary assessment was given of the main trends emerging in global and regional industrial development. The reader is referred to the relevant sections of that document (paras. 26-48) which, with a view to being more concise and more focused on the role and services of UNIDO, are not included in the present document. More specific trends and developments of direct relevance to UNIDO services are presented, however, in the introductory sections under each development objective.

Table 1

Compatibility of previous and new medium-term plan

Previous medium-term plan	New medium-term plan
Priority problem areas	Development objectives
Human resource development	Retained as separate development objective (development of human resources for industry).
Development and transfer of technology	Addressed under two development objectives (industrial and technological growth and competitiveness; international cooperation in industrial investment and technology).
Industrial rehabilitation and modernization	Addressed under development objective "industrial and technological growth and competitiveness".
Small- and medium-scale industries	Addressed under several development objectives.
Environment and energy	Retained as separate development objective (environmentally sustainable industrial development).
Common elements	
Mobilization of financial resources for industrial development	Regarding resource flows to developing countries: addressed under development objective "international cooperation in industrial investment and technology". Regarding mobilization of financial resources for UNIDO: addressed separately in chapter II, section E.2.
ECDC and subregional industrial cooperation	Addressed under development objective "international cooperation in industrial investment and technology".
	Special considerations
Integration of women in industrial development	Retained as special consideration.
	Private sector development (new special consideration).
	Regional priorities (previously addressed under "regional dimension").

A. The five development objectives and related services

19. Current trends in the global economy towards policy deregulation, private sector development, trade liberalization and regional trading arrangements will offer major opportunities for industrial and trade development - but also pose severe challenges, especially for developing countries. Significant weaknesses of and constraints to socio-economic development will be revealed which need concerted responses at the global, regional and national levels. In this context, social issues of economic development, environment protection and human development are key issues on the agenda of the United Nations system with a view to achieving a sustainable improvement in people's quality of life. The concerns of developing countries to build up a technological and skill basis and capacity for sustained industrial growth are intimately linked with this agenda.

20. In response to these challenges and within the specific realm of industrial development, UNIDO has singled out five development objectives which constitute its framework for contributing to overall cooperation efforts undertaken by the United Nations system as a whole. Two of these objectives are of fundamental importance in guiding the activities of UNIDO towards addressing pressing global issues: First, equitable development which above all means social development in terms of poverty reduction, the balanced creation of productive employment and social integration of disadvantaged groups of people - the three core issues of the World Summit for Social Development. Second, environmentally sustainable development which is centered around clean production, energy conservation, natural resource management, reduction of greenhouse gas emissions, and protection of the ozone layer - which are among the core issues of Agenda 21.

21. A third and fourth objective address the concerns of developing countries regarding industrial and technological growth and competitiveness as well as development of human resources for industry.

22. The fifth objective addresses the need for new and strengthened forms and approaches of international cooperation in the field of industry and for making use of the emerging opportunities for a global partnership in this regard. It thus constitutes both an objective per se and a basis for carrying out a wide range of activities associated with the other four objectives.

23. It is through working towards these objectives that UNIDO will play its role and make its distinct contribution to global concerns as

expressed in the United Nations agenda for development.

1. Industrial and technological growth and competitiveness

The issue

24. Industrial and technological growth and competitiveness are key prerequisites for the attainment of overall socio-economic development by the developing countries. Through its impact on employment, income, consumption, export earnings and skill enhancement as well as its linkages to the primary and tertiary sectors, industrial growth remains the central issue for all countries. The build-up of industrial growth capabilities in developing countries on a sustainable basis requires forward-looking policies, capacities for generating and applying new technologies, managerial development, efficient information systems as well as industrial support services. It is through these indigenous capacities and related skills that developing countries can systematically pursue industrial growth and build up their current and future industrial competitiveness or "development strength".

25. Recent industrial globalization trends have resulted in the emergence of a new paradigm of competition and competitiveness. International competitiveness in the field of industry is becoming an increasingly complex concept. It covers not only cost-price dimensions but also quality considerations and questions of product design as well as flexible responses through custom-made products, improved marketing and more efficient distribution channels, built-in after-sales services and the establishment of functioning information systems. Besides enterprise-level requirements such as skills, information, technology and management, the concept of competitiveness essentially reflects the systemic interplay of enterprises in production networks and indeed the entire national environment for the production of goods, including its physical and institutional infrastructure and its ability to promote domestic savings and investment and to attract foreign capital and technology.

The services of UNIDO

26. In the plan period, support to the build-up of domestic technological capabilities in various subsectors, including agro-based, chemical, engineering (including electronics) and metallurgical industries, is at the centre of UNIDO's services under this objective. Based on a close monitoring of international technological and economic trends, UNIDO will focus its technical cooperation and advisory services on issues such as the supply of technological information; new and competitive technological applications in various industrial subsectors; absorption and adaptation to local factor conditions of new technological processes; and the development of endogenous technological capability through applied research at institutional and enterprise levels. Specifically, its services will cover production engineering, process options and related equipment choice as well as product design and development with a view to increasing the cost efficiency of production, improving the quality of manufactured goods and enhancing competitiveness. This will prominently include advice on the sourcing, assessment and transfer of technologies and support to their subsequent adaptation to local needs and capabilities. In the latter area, services related to human resource development for industry will be playing an important integral role. Furthermore, developing countries will be assisted in enhancing the awareness of industrial implications and applications of new, cross-sectoral technologies (such as informatics, new materials, biotechnology and environment- and energy-related technologies) as well as strengthening their capabilities to adapt them according to their specific needs.

27. At the policy and institutional level, UNIDO will provide advice to Governments and other actors on strategies for industrial and technological development, and policies conducive to creating an enabling environment for achieving accelerated industrial growth and industrial competitiveness, with special emphasis on enhanced private sector development. UNIDO will also focus on strengthening industrial policy-making and specific promotional government institutions at the national and subnational level as well as industrial associations, chambers of commerce and a wide range of industrial support institutions. The latter would cover areas such as industrial technology, research and development, management and marketing, with primary emphasis on enhancing the capability of those institutions to render technical consultancy, advisory and extension services to their industrial members and clients as well as creating links between them.

28. Given the rising importance of the quality dimension in international competition, both in export and domestic markets, UNIDO will further enhance its programme on quality control, standardization and metrology. Specifically, UNIDO will render advice on the industry-specific application of generic ISO 9000 standards that need to be adjusted to the requirements of different manufacturing production processes. With a view to reaching a broad base of recipient enterprises, such services will primarily draw on existing institutions and associations (or focus on institution-building) to ensure maximum multiplier effects. Technical cooperation in quality control, standardization and metrology - the heart of the UNIDO industrial quality programme - will be complemented by two additional elements: promotional activities (such as awareness-building seminars) and research and advisory services on company-level statistical quality control tools.

29. Small and medium enterprises are increasingly recognized as key actors in the industrialization process. To fulfil their role, they need strong linkages among themselves and with larger business partners as well as efficient support systems. Specifically, the networking of small and medium enterprises (SMEs) and large manufacturing firms through production linkages is an indispensable dimension of industrial resilience and competitiveness. In the plan period, UNIDO will further strengthen and integrate its related services in terms of: (a) policy analysis and advisory services concerning approaches to inducing and promoting local sourcing by large industries; (b) assistance to small and medium suppliers to upgrade their technical and commercial skills and their capability to meet quality requirements; (c) support in building up transparent information systems on networking potentials (e.g. through sub-contracting exchanges); and (d) development of networking and linkages between institutions and SMEs in different countries. Furthermore, UNIDO will

promote concepts of flexible specialization of clusters of SMEs based on complementarity and cooperation. In general, UNIDO will stress its role as an intermediary among the different parties involved in SME development, particularly with a view to enhancing links between Government and private sector institutions, associations and enterprises. Institutional capabilities in designing and managing SME policies and programmes will be strengthened. Special attention will be given to coordinating such efforts with financial institutions, particularly regional and national development banks.

30. Finally, enterprise restructuring services will constitute a central dimension of UNIDO activities under this objective. Enterprise restructuring, in the form of rehabilitation and modernization programmes, will be applied to secure the optimal use of existing industrial capacities through upgrading and transformation, and thus to lay the groundwork for future industrial growth and competitiveness. Specifically, UNIDO will focus on: integrated restructuring assistance that encompasses diagnostic surveys; the identification of diversified market potentials; preparation of feasibility studies for modernization or new investment requirements; managerial, financial and ownership restructuring (including privatization); elaboration of detailed implementation plans and provision of specialized training - and coordinate these activities with measures to be taken at the institutional and policy levels.

31. UNIDO will also render policy advice and promote consultative processes between Governments, industrial entrepreneurs and associations so as to enhance the development of an effective and competitive industrial fabric and a systemic approach towards industrial and technological growth.

2. Development of human resources for industry

The issue

32. Human resource development can be defined as a dynamic process providing and sustaining opportunities for women and men in accordance with their aspirations and talents to acquire knowledge, skills, attitudes and know-how, the ultimate objective being to accelerate industrialization and foster socio-economic development.

33. With its broad connotations for the human dimension of development, human resource development thus is of primordial concern in the industrial context. It is an important precondition for, as well as a result of, industrialization. For UNIDO, it relates not only to educational and training systems at the regional, national and enterprise levels, but it is also closely associated with building up capabilities for the development, transfer and absorption of technology and the promotion of industrial restructuring towards skill-intensive activities and industrial services.

34. Central to the discussion of human resource development for industry are the need to create and upgrade continuously the skills, motivation and know-how required by industry and essential to achieving dynamic industrial growth. This is also borne out by the new patterns of industrial growth and competition in the world economy which indicate that:

(a) A high skill level is a key determinant for an economy's competitiveness both in terms of production, development and application of technology, as well as the attraction and full utilization of investment and other resources;

(b) Human resource development is an essential part of a country's industrial structural adjustment process. The capacity of a national economy to carry out efficient and socially acceptable restructuring is largely dependent on the functioning of the system of skill generation and its linkage with both the industrial and the science and technology sectors;

(c) The ability of a country to generate and upgrade industry-related skills is a major instrument in combating unemployment and generating equitable development; and

(d) An economy needs enhanced and focused skill generation in order to seize opportunities in advancing industries and rapidly changing markets, as well as to increase the pace of innovation in production.

The services of UNIDO

35. The services to be provided by UNIDO in the plan period under this objective fall into three distinct yet closely interlinked sets of activities, namely supporting the elaboration and review of strategies, policies and plans for industrial human resource development; strengthening capacities and capabilities for industrial human resource development at the institutional level; and directly carrying out a wide range of training activities, *inter alia*, at the enterprise level.

36. To exercise a strategy and policy advisory function, UNIDO will undertake research and analysis on the main determinants of changing skill requirements in industry with special emphasis on the impact of new technologies and of new ways of work organization at the enterprise level. Changing relationships between the research and development system on the one hand and industry on the other - e.g. concerning the role of demand-oriented transfer agencies - will receive priority attention. Informed by research and analysis, UNIDO will advise policy makers on industrial human resource development at national and sectoral levels with a view to increasing overall industrial productivity.

37. Complementary to the above, UNIDO will focus on supporting institutions with an industrial human resource development mandate with a view to enhancing their capabilities to provide technical, managerial and entrepreneurial training. In the plan period, that support will increasingly involve industrial associations and chambers of commerce and industry as well as consultancy institutions in view of their strong multiplier effect and direct access to industry, in particular private enterprise. At the same time, emphasis will be given to reviewing and reassessing the activities and curricula of existing public sector training institutions that in many cases need to be adjusted to changed economic environments so as not to lose their responsiveness to the changing technical, organizational and managerial requirements of industry. Another area of concentration will be the networking and/or twinning of training institutions in developed and developing countries

as well as among developing countries themselves to facilitate and encourage the exchange of staff, information and curricula.

38. In terms of direct training activities, UNIDO will provide advice and assistance in productivity enhancement by upgrading technical and managerial skills essential for mastering and adapting industrial technologies, with emphasis on training industrial consultants and personnel concerned with providing industrial services. To this end, preparation of training materials and manuals will be intensified with priority subjects being: standardization, quality control and metrology; repair and maintenance; rehabilitation; energy efficiency; industrial safety; and environmental issues, including environmental impact assessment in industry. A subject of special significance will be entrepreneurship development. In general, as in the past, various training modalities such as on-the-job training, in-plant workshops, individual fellowships and group training programmes, will be applied as required and appropriate.

39. Given the importance of human resource development for each technical cooperation project, continued efforts will be made to extend the network of institutions prepared to offer training to UNIDO fellows from developing countries and make greater use of "centres of excellence" in developing countries. New training techniques and methodologies will be explored; training will be undertaken for selected target groups that are in a position to multiply the impact of UNIDO training activities (i.e. training of trainers).

3. Equitable development through industrial development

The issue

40. In recent years, most developing regions have recorded positive economic growth which, in the majority of countries, has exceeded population growth rates, thus resulting in absolute increases in the level of economic welfare as measured by per capita income. It is equally true, however, that the benefits of economic growth have been distributed very unevenly both between and within countries. Income disparities have widened in many economies as has the number of people in absolute poverty.

41. The eradication of poverty has thus been accorded highest priority in the International Development Strategy of the fourth United Nations Development Decade. Accordingly, one of the primary aims of industrial development must be to alleviate poverty. It is generally recognized that the gradual transformation of agrarian societies into industrial economies and the resulting productivity improvements are important mechanisms to combat poverty. While sustained industrial development itself contributes to creating new employment opportunities, there are specific issues that need to be addressed with a view to optimizing the distributional and poverty-reducing impact of industrialization.

42. It is also now widely recognized that efforts to alleviate poverty are among the most productive investments with rates of return often well exceeding those in physical investment. They also reduce poverty-driven environmental damage as agglomerations of impoverished persons often exert debilitating pressures on scarce natural resources and fragile ecosystems. This requires that particular attention be paid to the creation of economic opportunities for the disadvantaged and poor segments of the population through the expansion of both employment and entrepreneurial opportunities so as to enable them to enter the mainstream of economic development.

The services of UNIDO

43. In the plan period, UNIDO will contribute to the creation of more equitable economic opportunities and to the alleviation of poverty by focusing more on economically disadvantaged regions within countries and by developing the full productive potential of rural areas and addressing the issue of urban poverty. At the same time, the equitable development objective implies a special emphasis on the least developed countries which to date have only marginally shared the benefits of industrial progress thus constituting the weakest segment of the international community.

44. Programmes aimed at a more equitable regional distribution of industrial development are expected to receive priority in an increasing number of developing countries and, accordingly, will be of major significance in guiding the services of UNIDO towards a stronger regional dispersal of industrial development. In this context, it is essential that successful regional development be initiated and carried out by the regional actors themselves. UNIDO will support this process by: (a) providing assessed information on efficient mechanisms of regional development, such as the various manifestations of the industrial district concept and their applicability in different development contexts; and (b) providing advisory and promotional services to regional (provincial) industrial institutions and policy makers in areas such as regional development concepts and plans, industrial zoning approaches, targeted investment promotion as well as environmental impact assessment.

45. UNIDO fully recognizes the immense potential contribution of small and medium enterprises for balancing social inequalities, reducing poverty, integrating the rural and urban poor into the productive sectors, providing products and services required by the rural poor, creating demand for produce supplied by small-scale farmers and re-positioning women and other disadvantaged groups. Furthermore, they are an important vehicle for stimulating productive activities in the context of post-conflict reconstruction and development efforts. The promotion of small and medium enterprises, particularly in rural areas, will thus be pursued vigorously, with special emphasis on natural resource processing and the manufacture of simple consumer goods as a means to create non-farm employment.

46. In this regard, priority services of UNIDO in the plan period are:

(a) Assistance in entrepreneurship development programmes for industry through training in basic managerial and technical skills, with special emphasis on women;

(b) Provision of information, advice and operational support on the establishment of common service facilities, business incubator schemes and other institutional approaches for small-scale industry and/or entrepreneurship development;

(c) Encouragement of subcontracting relationships between rural small industrial enterprises and larger manufacturers;

(d) Information and advice on technology upgrading options with emphasis on the efficient blending of traditional and modern technologies;

(e) Stimulation of self-organization for small industrial enterprises, for example in the form of subsectoral associations based on clusters of informal sector producers;

(f) Promotion of linkages between small-scale industries and the service and agriculture sectors;

(g) Review of the functions and impact of national small industry development agencies and provincial and municipal authorities and elaboration of programmes to enhance their effectiveness.

47. In terms of subsectoral priorities, the equitable development objective calls for priority attention to be given by UNIDO to agro-related industries and thus the strengthening of linkages between small-scale agriculture and manufacturing with a view to raising rural productivity, employment and incomes, particularly among the poor. The processing of food - largely taking place in small industries and in a regionally dispersed manner - sets a critical dimension in poverty alleviation strategies. In the plan period, UNIDO programmes will emphasize: the selection, adaptation and diffusion of processing technology, including extension services for cottage and small industries; the modernization/rehabilitation of ailing food-processing plants; quality control throughout the processing chain; introduction of health and environmental standards for food products; and packaging for preserving quality and facilitating transport and storage.

4. Environmentally sustainable industrial development

The issue

48. With industry being at the centre of the process of achieving sustainable development, the growing importance of environmental issues necessitates their effective integration into industrial activities at both the policy and enterprise levels to achieve environmentally sustainable industrial development. In June 1992, the United Nations Conference on Environment and Development (UNCED) adopted the Rio Declaration on Environment and Development and Agenda 21, which has put the global community firmly on the road to sustainable development. Progress down that road will depend on adherence to the principles enunciated in the Rio Declaration and the achievement of Agenda 21, which highlights the fact that sustainability requires the addressing of environmental issues as an integral part of the development process.

49. At its eleventh session, the Industrial Development Board in decision IDB.11/Dec.18 requested the Director-General to support the implementation of Agenda 21 and singled out the following priority areas: integrating environment and development in decision-making; protecting the atmosphere; environmentally sound management of biotechnology; strengthening the role of business and industry; transfer of environmentally sound technology; and chemical safety. In that decision the Director-General was also requested to engage the Organization in global efforts to protect the ozone layer in accordance with the Montreal Protocol.

50. UNIDO is actively involved in the environmental initiatives of the United Nations system and plays a leading role in their industry-specific programmes. Along with UNDP, the United Nations Environment Programme (UNEP) and the World Bank, the Organization is one of the four implementing agencies of the Multilateral Fund for the Implementation of the Montreal Protocol. It is also a member of the Inter-agency Committee on Sustainable Development and, under Agenda 21, has been designated as the United Nations system task manager for environmentally sound management of biotechnology. More recently, along with FAO and OECD, UNIDO was designated as a partner in the Interregional Programme for Chemical Safety which hitherto had UNEP, ILO and WHO as its members.

51. Alleviating environmental burdens resulting from industrial development is often carried out through a highly regulated end-of-pipe pollution control approach. This requires complex legislation, strong enforcement capabilities and the allocation of sizeable resources for environmental control - conditions that most developing countries will find difficult to meet. On the other hand, there is growing evidence that the active promotion of cleaner production concepts, i.e. combating pollution at source, represents the least costly option to society and a major challenge for industry in the 1990s.

The services of UNIDO

52. In the plan period, the services of UNIDO will be centred around the concept of cleaner production, i.e. on eco-efficient, energy-efficient and waste-minimizing processes. In this, the choice and transfer of clean technologies is one essential element that will be complemented by process optimization based on environmental management audits. UNIDO will support country endeavours through policy advice (e.g. on appropriate incentives structures), information on availability and choice of clean technology in various industrial sectors, promotional programmes as well as environment and energy audits. In selected countries in all developing regions, services will be institutionally consolidated in the framework of national cleaner production centres. Special emphasis will be given to the needs of SMEs in terms of environmental awareness, process improvements, and waste treatment and disposal with particular focus on economic solutions to environmental problems of clusters of SMEs.

53. Another priority of UNIDO will be to assist countries in the implementation of national Agenda 21 programmes. In this context, the emphasis will be on identifying strategic projects - e.g. in energy conservation or pollution prevention - in which UNIDO can provide a holistic response addressing environmental and industrial concerns in an integrated manner.

54. UNIDO will continue to address industry-related environmental issues of biodiversity and biotechnology. In the former field, countries will be supported in the preservation of bio-diversity within programmes for the rational cultivation and commercial valorization of plant species, e.g. through plant-based medicines and other products. Regarding biotechnology, UNIDO

will promote environmentally sound industrial applications and strengthen the institutional base by which developing countries can participate in related research and development.

55. With respect to international agreements, response to the Montreal Protocol will receive high attention. UNIDO will draw on its comparative advantage and work primarily at the plant level - particularly in the refrigeration, foams and solvents sectors - with a view to facilitating the phasing out and substitution of ozone-depleting substances.

56. In the context of the International Conference on Chemical Safety, UNIDO will concentrate in the plan period on elaborating guidelines on safe handling and disposal of toxic chemicals; supporting chemical industries in applying safer technologies and processes; promoting product substitutions (using natural or non-toxic substances) in agro-chemicals; and generally promoting the exchange of experience between developed and developing countries in the management and handling of toxic chemicals.

57. Under the United Nations Framework Convention on Climate Change, the promotion of energy efficiency in industrial processes will take on special significance. Advisory services and support related to reducing the environmental impact of energy-generating systems, promoting energy conservation and new and renewable sources of energy - to be seen in the context of the emphasis on green-house gas issues under the Global Environmental Facility - will also be strengthened. Finally, the UNIDO initiative towards industrial applications of safer energy (already begun at the National Centre for Applied Solar Energy in Australia) will be further pursued in the plan period in terms of establishing and networking further such centres.

5. International cooperation in industrial investment and technology

The issue

58. With markets being liberalized and economies deregulated, international industrial cooperation is assuming increasing significance for all actors in the global industrial development process. The objective of international cooperation in industrial investment and technology is thus directly related to the central coordinating role that UNIDO plays in the common system in the field of industrial development. Generally, international industrial cooperation involves a broad range of dimensions that encompass cross-border investment flows, technology transfer, international subcontracting, licensing, research consortia, strategic company alliances and many others. The role and responsibility of UNIDO is to lay the foundations for enhanced international cooperation in the field of industry.

59. It is increasingly recognized that foreign direct investment (FDI) and technology transfer are closely intertwined and their effective absorption depends on similar pre-conditions. FDI and technology inflows are not only to be seen in terms of individual contracts but also in terms of the creation of a national capability to access such inflows and utilize them effectively so as to secure a return for all parties involved. The establishment of a conducive investment climate, the generation of matching domestic investments and the creation of an adequate infrastructure for the utilization of technology in industry are to be seen as an integral part of the same process.

60. In today's changing industrial landscape, the role of UNIDO is increasingly focused on the creation of global partnerships so as to support collaborative efforts between countries with complementary interests, experience and/or resources. Industrial and industry-related institutions, increasingly also from the private sector, act as efficient vehicles to foster such partnerships that often take place in specific subsectoral contexts.

61. The mechanism of ECDC/TCDC has thereby been the subject of increasing attention. It is now recognized that ECDC/TCDC works best on the basis of initiatives taken by developing countries and their enterprises themselves, with the needs and capabilities of partners being clearly identified. In this context, a significant opportunity is offered by the increasingly important role that regional and subregional groupings of developing countries will assume in the 1990s. External assistance in the field of industry could catalyse the opportunities offered by these groupings, enabling them to benefit from each others' experience and to avail themselves of the potential economies of scale and complementarities of production promised by these groupings.

The services of UNIDO

62. FDI is an essential dimension of international industrial cooperation and UNIDO will continue to offer an integrated investment promotion programme to support this process. The main components of this programme comprise: monitoring and assessment of pertinent trends in international FDI flows; preparing country-specific investment guides on relevant legislation, infrastructure, procedures, incentives, etc.; active support in identifying, preparing, appraising and promoting investment projects so as to create a viable and bankable portfolio for subsequent promotion; building up and strengthening of national investment promotion agencies and advising Governments on suitable policies; organizing investment forums and "invesmarts" (as a mechanism to bring together local project sponsors and foreign partners); and following up and facilitating investment and business agreements, inter alia, through feasibility studies, in the framework of a project completion facility. UNIDO's global system of World Investment Network Services (WINS) will be the key institutional mechanism for investment promotion and its further expansion through additional Investment Promotion Service (IPS) offices is foreseen in the plan period.

63. UNIDO will focus its investment promotion services primarily on medium-sized investors. Not only is there ample evidence that these are gaining in relative importance, but they are also most in need of support services given their limited expertise on foreign markets and their generally higher risk-aversion compared with large transnational corporations. It is also medium-sized investors who attach particular value to the neutrality of UNIDO as an impartial adviser and intermediary. In addition, the successful approach of promoting investment in specific subsectors as well as in particular regions within a country - with a focus, where feasible, on less developed regions - will be continued and broadened in the plan period. Special emphasis will be given to investment-related environmental issues.

64. In the field of international cooperation in technology transfer, UNIDO will assign priority to supporting the build-up and operation of relevant information capacities. This involves the provision of information itself, mainly through the Industrial and Technological Information Bank (INTIB) and the Technological Information Exchange System (TIES), the setting up/upgrading of national technology information mechanisms and their link with UNIDO international networks. Furthermore, international technology transfer trends will be monitored and studied with special emphasis on innovative forms such as build-operate-transfer arrangements and strategic alliances, and developing countries will be supported in their beneficial application. In this context, activities in the plan period will especially support the strengthening of local institutional capacity to deliver consultancy and advisory services as well as training programmes in the area of technology choice, evaluation, acquisition and negotiation. Governments will be advised in implementing appropriate legal and institutional measures to facilitate technology flows and specific programmes such as "techmarts" will be applied for their promotion. Also, the need will be addressed to revitalize existing technology institutions in view of the changed industrial environment.

65. While UNIDO is one of several institutions promoting investment in developing countries, it is the only one with a sound background in industrial development and technology transfer. UNIDO will thus concentrate on linking investment promotion with technology upgrading and the enhancement of technological capabilities through promoting integrated investment and technology policies. Based on the specific conditions prevailing in different countries, the Organization will design in the plan period integrated packages of services to be implemented within the framework of a partnership initiative in close cooperation with the Government, industrial institutions and enterprises.

66. Specifically, international cooperation will be promoted through international and regional centres and networking arrangements under the aegis of such bodies as the International Centre for Genetic Engineering and Biotechnology (ICGEB) and the International Centre for Science and High Technology (ICS) with particular emphasis on long-term capability building in new generic and cross-sectoral technologies.

67. Also, the conclusion of cooperation agreements between industry-related institutions and industrial associations in various Member States will be promoted in the plan period with a view to establishing twinning arrangements and multilateral networks. These could serve as umbrellas for promoting innovative schemes of region-to-region cooperation encompassing a broad range of investment and technology cooperation at the policy, institutional and enterprise levels. Pilot schemes of such cooperation between individual regions in developing and developed countries will be launched in the plan period.

68. While the promotion of ECDC/TCDC is specifically linked to the international industrial cooperation objective, it is obviously not confined to investment and technology issues and will be given particular attention within all relevant UNIDO programmes. This comprises, inter alia: the strengthening of the institutional infrastructure for ECDC/TCDC activities at all levels; the implementation of suitable mechanisms such as centres of training and technological excellence, networks and workshops; the consideration of ECDC/TCDC dimensions in the design of UNIDO services; and the increasing use of experts, services and equipment from developing countries in UNIDO technical cooperation projects. Specifically, in the plan period, the mechanisms used for monitoring and reporting on ECDC/TCDC activities will be further improved. In response to General Conference resolution GC.5/Res.10, UNIDO will address ECDC/TCDC primarily in regional and subregional contexts and seek close co-operation with existing regional intergovernmental organizations. The focus will be on identifying the preconditions for successful industrial cooperation schemes between developing countries as well as analysing their replicability. UNIDO will provide a platform for exchange of experience in this regard between subregional groupings within and between different regions.

B. Special considerations

1. Integration of women in industrial development

The issue

69. Any policies and measures addressing the development of the manufacturing sector must take into account the crucial role that female industrial labour and entrepreneurship assume both for economic and industrial progress and for the achievement of social development objectives. There is every evidence that the participation of women in the formal industrial sector has resulted in attaining high levels of indicators of social and human development.

70. Despite the major contribution that women have made to manufacturing, their participation has taken place on unequal terms and has been characterized by patterns of "vertical" and "horizontal" segmentation: women have generally been confined to a narrow range of manufacturing branches and are over-proportionately concentrated in low-skill production jobs at the lower end of the occupational hierarchy.

71. This pattern of female participation in the economy and manufacturing is also a result of socio-cultural factors that influence women's status in society and the economy at large: they demonstrate gender-specific constraints. The overall objective for the plan period is to enhance the contribution of women to the industrialization process of developing countries, including to enable them to participate on an equal basis in industrial decision-making and the benefits of development. The thrust of the programme is directed towards assisting women to meet the challenges of industrial restructuring, technological change and economic reforms that many countries are undergoing.

The services of UNIDO

72. The approach adopted within UNIDO and by the United Nations system as a whole to promoting the integration of women in development has been termed "mainstreaming". The focus will be on acknowledging women as an integral part of the target group of UNIDO activities allowing them to benefit on an equal basis. However, women-specific programmes and services will remain all the more necessary in order to address specific constraints that impede women from participating in "mainstream" development.

73. In the plan period, the services of UNIDO will focus on providing policy advice and specific recommendations to Governments with a view to creating a policy environment conducive to the participation of women in industry by removing policy, legal and institutional barriers thereto. At the same time, recommendations will be provided to industry and industrial institutions encouraging them to pay more attention to the potential of women in industrial development, while advice will be given on the improvement and diversification of employment opportunities.

74. To that end, special efforts will be made by all relevant units of UNIDO to obtain and disseminate gender-disaggregated data. Indicators highlighting gender relationships will be developed for the collection of such data, particularly on industrial employment by skill level and occupational group. The findings and recommendations of the ongoing regional typology studies on the participation patterns of women in manufacturing will provide an important source in this respect and will be used in the operational activities of UNIDO.

75. Emphasis will be placed on the consideration of gender-related issues in the management of UNIDO services from the screening stage through evaluation. Furthermore, based on an assessment of industrial subsectors of specific relevance to women, their role will be addressed specifically in activities related to human resource development, agro-industries, small-scale industry promotion, energy and environment programmes. It will also be addressed in relation to the development and transfer of appropriate technology, including new and high technologies.

76. In the plan period, UNIDO studies and research activities will devote attention to the role of women within the countries' human resource base and monitor the impact on women of new technologies, industrial restructuring and resultant changes in skill requirements. For instance, human resource planning based on the studies carried out on emerging employment trends and technology development will facilitate the design of educational and training programmes and other types of technical cooperation activities.

77. UNIDO will also further develop and implement its thematic programme on the promotion of entrepreneurship of women in subsectors where they are strongly represented. In the context of UNIDO activities, issues related to health, safety and working conditions of women workers will be taken into consideration, while labour- and energy-saving and clean technologies that increase women's productivity and income will be developed and disseminated.

78. Close coordination within the United Nations system and at the national and international levels on the issue of women in industry will be maintained throughout the plan period, particularly through follow-up to the Fourth World Conference on Women to be held at Beijing, China, in 1995 and the platform for action that is expected to emanate from that Conference.

79. Steps will be taken to further increase the awareness of the staff of UNIDO and cooperating institutions in developing countries of the participation of women in industry and the constraints women face as well as to upgrade the ability of those designing and implementing services to adequately address the issue of women in industry.

2. Private sector development

The issue

80. In recent years, there has been a powerful trend on the global scene for the private sector in general and private industry in particular to assume a growing, and indeed leading, role in economic and industrial development. Many Governments - disenchanted with the limited growth dynamics generated by public sector-led industrial development - have turned to stimulating private initiative through far-reaching deregulation programmes. In industrial restructuring efforts, increased reliance has been placed on market forces within an environment of stronger competition in final product markets, labour markets and financial markets. As part of this overall process, import protection has generally declined and many restrictions on FDI have been lifted.

81. Within this overall context, the privatization of public enterprises has received growing attention particularly since the mid-1980s. The need for such a reorientation stemmed from a pervasive dissatisfaction with the performance of public enterprises, which in the early 1980s were estimated to account for over a quarter of gross fixed capital formation in all developing countries. Primarily driven by the need to lessen the fiscal burden that inefficient and loss-generating public enterprises had placed on state budgets, a great number of developing countries have embarked upon privatization programmes and policies albeit differing in scope, pace, methods and results.

82. However, the sometimes ambitious privatization programmes have materialized to a limited extent only. Furthermore, transfer of ownership per se does not guarantee increased efficiency or competitiveness. To reach its objectives, privatization has to go hand in hand with a strengthening of market forces through carefully designed deregulation and liberalization moves as well as with enterprise restructuring and new investments.

The services of UNIDO

83. The lead role played by private industry in most developing countries and the transition to such structures in others bear manifold implications for UNIDO. It is clear that UNIDO services must be geared also to private industry unless the Organization is to lose its relevance. UNIDO activities in support of private industry cut across most services rendered under the various development objectives, more obvious in some cases (such as investment promotion), less so in others. The great majority of UNIDO services either directly or indirectly benefit the private sector in terms of improving the overall business environment, initiating industrial policy dialogues, strengthening support institutions, providing information and research inputs and extending technical and managerial training. Also, in implementing projects, some 50 per cent of UNIDO experts are drawn from the private sector and the majority of contracts awarded for the purchase of equipment are with private sector companies, increasingly from developing countries.

84. In the plan period, UNIDO will continue to provide analytical inputs and policy advisory services to Governments that have embarked upon strategies to promote private industry. Such services will involve both general advice on

conducive industrial policies and institutional frameworks as well as specific assistance to privatization programmes, including technical and managerial support with a view to ensuring the economic and social sustainability of privatization processes (see also para. 30). In this context, UNIDO will draw on its strong sectoral expertise and elaborate private sector promotion strategies also for specific industrial subsectors.

85. In general, it is expected that private industry will play an increasing role in the plan period as both project counterpart and beneficiary. With a view to inducing multiplier effects, this presupposes the existence of effective private industry organization and representation. Particularly in many least developed countries where such institutions are often lacking or malfunctioning, industrial associations such as chambers of commerce and industry will be strengthened by UNIDO through expert advice as well as through the promotion of relevant international partnerships. Efficient industry associations will be able, inter alia, to perform the following functions: (a) to deliver services to member companies; (b) to act as representatives of private industry in policy dialogues and negotiations with the Government; and (c) to function as counterpart for technical cooperation and other promotional programmes. In a way, therefore, many countries face the challenge of having first to create the institutional conditions under which services can subsequently be delivered to private industry. This is a major task for UNIDO support in the plan period.

3. Regional priorities

The issue

86. While being an international organization with a global mandate, UNIDO must be prepared to accommodate and respond to the great regional diversity of resource endowments, economic conditions, levels of development, and industrial and technological skills and capabilities. The constraints of and prospects for industrial development vary strongly from region to region, which is reflected in regionally diversified demands for UNIDO services.

87. In accordance with General Conference resolution GC.5/Res.20 (Yaoundé Declaration), UNIDO gives special attention to the industrialization of the least developed countries which face particular constraints in their resources and infrastructure. High priority is also accorded to the industrialization of Africa and to the realization of the objectives of the Second Industrial Development Decade for Africa (IDDA).

The services of UNIDO

88. The least developed countries (LDCs), by definition, are far behind the rest of the developing world in terms of economic and industrial development. Unless strong remedial action is taken by the LDCs themselves and through international support, the development gap will continue to widen. Typically, LDCs are characterized by relatively poor or underutilized natural resource endowments, small domestic markets, rudimentary and undiversified industrial structures, low levels of skill development, high import dependence and insignificant manufactured export capabilities. Many LDCs are now implementing structural reforms aimed at reducing the size of the public sector, deregulating the economy and promoting private industries.

89. In the plan period, UNIDO will respond to the conclusions reached at the Second Ministerial Symposium on the Industrialization of the Least Developed Countries and address the following needs on a priority basis: enhancing industrial competitiveness as a precondition for increased world market integration; promoting small and medium enterprises and, in this context, promoting entrepreneurship with special emphasis on women entrepreneurs; strengthening national capacities in project identification, formulation, implementation and monitoring; advising on industrial policies conducive to private sector development; and building national capacities, particularly in industrial information, human resource and technological developments. In all these areas, two dimensions of paramount importance will be incorporated: first, the cooperation of UNIDO with development finance institutions at national, regional and international levels; and second, the encouragement of subregional and regional cooperation among LDCs as well as between LDCs and other developing countries.

90. In compliance with the Yaoundé Declaration as well as with the objectives of the Second IDDA, UNIDO will continue to assign high priority to assisting African countries and subregional and regional organizations. In this context, further harmonization of activities of the Second IDDA and the second United Nations Transport and Communications Decade in Africa will be actively sought in consultation with the Organization of African Unity, the African Development Bank and other relevant organizations. In line with the relevant resolutions taken at the eleventh meeting of the Conference of African Ministers of Industry as well as General Conference resolution GC.5/Res.12, the activities of UNIDO under the Second IDDA, comprising 50 national and four subregional programmes, will focus on: formulating industrial policies with a view to creating an enabling environment for increased industrial investment and private sector participation; stronger involvement of the private industrial sector in implementing the programmes of the Second IDDA; expansion of investment promotion; entrepreneurial training and development; dissemination of industrial and business information; promotion of linkages between small and medium industries and large industries as well as between agriculture and manufacturing through support to agro-related and agro-processing industries; assistance in the implementation of national Agenda 21 programmes and in reconciling environmental needs with industrial priorities; and the development and strengthening of sustainable capabilities of industrial support institutions in areas such as industrial technology, research and development, consultancy, human resource development and industrial associations. In addition, regional and subregional industrial cooperation will be further strengthened, in particular by elaborating market integration programmes in priority subsectors in the context of existing cooperation arrangements among African countries.

91. The Special Programme for Industrial Development in the Arab Countries, in response to General Conference resolution GC.5/Res.13, will orient its activities in the plan period towards the following priority areas: human resource

development; development of national and regional technological capacities and upgrading industrial competitiveness; standardization and quality control; industrial management information; food security through the development of agro-industries; promotion of the private sector, industrial rehabilitation and investment activities; and energy conservation and environment protection. New activities in the plan period will be jointly planned with the relevant specialized Arab organizations and the LDCs in the region will be given particular attention. UNIDO further intends to elaborate a comprehensive industrial support programme for the Palestinian people, focusing primarily on employment generation and the promotion of small and medium enterprises through private sector initiatives.

92. The Special Programme for the Industrial Development of Asia and the Pacific will build on the preparatory activities in the period 1991 to 1994 with a focus on the LDCs of the region, and on other regional programmes and projects. Partnership with the Economic and Social Commission for Asia and the Pacific (ESCAP) Regional Network for Agricultural Machinery will continue in networking, formulation, fund-raising and implementation of regional and country-specific projects for the development and promotion of agro-related metalworking industries particularly in selected LDCs. Other areas of focus for cooperation with ESCAP, such as the Asian and Pacific Centre for Transfer of Technology and FADINAP (Fertilizer Advisory, Development and Information Network for Asia and the Pacific) will continue to be an important element of the programme. Integrated programme formulation with other agencies and development banks will be intensified in the region. Intercountry cooperation in agro-based industries and environmental issues, such as cleaner production technologies and effluent treatment in the leather tanning industry, as well as networking systems, such as continuation of activities in pesticides development and automotive emission control, will be pursued further, based on experience gained under ongoing programmes. In addition to ongoing technical cooperation activities at the country level, emphasis will be placed on programmes for the LDCs and other disadvantaged countries in the region in support of poverty alleviation strategies, including through small-scale industry development, drawing also on the experience acquired by the newly industrializing countries in the region. The increasing momentum of subregional cooperation in the Association of South-East Asian Nations, the South Asian Association for Regional Cooperation and the South Pacific Forum continues to be an important opportunity for the gradual integration of LDCs into those cooperation arrangements.

93. In the plan period, the Regional C operation Programme for the Industrial Recovery of Latin America and the Caribbean will continue its work in the priority areas initially identified under the Programme. Programmes and projects supporting Governments and institutions in industrial policy formulation and implementation will be developed, particularly on decentralization policies and mechanisms as well as on schemes assisting small and medium enterprises in upgrading human resources and in achieving environmentally sustainable production. Addressing groups of enterprises in specific subsectors of industry, UNIDO services will be oriented towards enhancing competitiveness through applying new forms of production and organizational systems based on integrated quality concepts, lean management, flexible specialization, waste minimization and information networking. At the same time, subcontracting relationships will be promoted towards achieving long-term cooperation involving increasing technological sophistication. Sectoral emphasis will be given to capital goods and agro-based industries as well as to bio-technology. At the regional and subregional level, the focus will be on networking of industrial support services and on market development programmes with particular attention to the needs of the Central American and Caribbean less developed countries.

94. The activities of UNIDO within the Europe programme, besides providing general industrial information and policy advisory services, will concentrate primarily on five integrated, generic programmes for individual or groups of countries that will cover: industrial restructuring at the enterprise level, including privatization and technological modernization; industrial investment promotion, including technology transfer; entrepreneurship and small and medium enterprise development, particularly strategic decision-making and financial analysis; environmental protection through the promotion of cleaner production and energy efficiency (also covering the reduction of greenhouse gas emissions); and development of industries directly supporting basic needs, including building materials, hospital equipment and pharmaceuticals, and food and textile processing. The programmes will cover specific subsectors as appropriate and will be derived from industrial subsector and policy analysis. Through designing subregional industrial support strategies, a targeted response to the industrial needs and priorities of different groups of countries will be ensured.

C. Linkages with UNIDO programmes

95. It is a key requirement for the medium-term plan to be clearly translated into and linked with activities under the different programmes of UNIDO. The precise relationship between the Organization's various programmes on the one hand and the services under the five development objectives and three special considerations on the other will be established in greater detail in the future biennial work programmes. In a broader perspective, the relevant linkages are indicated below.

96. Most of the major programmes of the Organization clearly relate to the entire range of activities of UNIDO and thus address equally all development objectives and special considerations. Specifically, this applies to major programmes: 100 (Policy-making Organs), 200 (General Management), 300 (Country Strategy and Programme Development), 400 (Mobilization and Management of Financial Resources), 900 (Common Programmes), 1000 (Operational Support), 1100 (Joint and Common Services) and 1200 (Administration).

97. In the case of major programmes 500 (Information and Research), 600 (Human Resource, Enterprise and Private Sector Development), 700 (Industrial Sectors and Environment) and 800 (Investment and Technology Promotion), a correspondence between individual programmes and their impact on specific development objectives can be established. However, a note of caution is warranted. In principle, the various substantive programmes provide services in pursuit of several or all of the development objectives of the Organization. Therefore, table 2 below only concentrates on the most direct links in terms of

Table 2

Link between UNIDO services and programmes

Development objective	Key areas of service	Programmes primarily responsible
Industrial and technological growth and competitiveness	- Sector-specific services addressing technological information, competitive technology applications and development of endogenous technological capabilities in terms of production engineering, process options and product design	720-740
	- Advisory services on creation of enabling environment for industrial development, including industrial and technological strategies and policies as well as private sector development and build-up of required supporting institutions	650, 720-740, 830
	- Advice on sourcing, assessment and transfer of technologies	720-740, 830
	- Awareness-building on impact of new technolgies	830
	- Quality control, standardization and metrology, including company-level statistical quality control tools	650,720-740, 530
	- Small and medium enterprise promotion, in particular "modern segment" in terms of industrial system creation and networking	640, 720-740
	- Enterprise restructuring (rehabilitation, modernization, privatization)	630
Development of human resources for industry	- Strategies and policies for industrial human resource development, including analysis of changing skill requirements and of relationships between research and development system and industry	620, 540
	- Strengthening institutional capabilities in terms of technical, managerial and entrepreneurial training, with focus on chambers of commerce/associations of industry and consultancy institutions	620,720-740, 630
	- Reassessing role of public sector training institutions	620, 720-740
	- Networking human resource development institutions in developing and developed countries	620, 840
	- Direct training and skill upgrading activities and preparation of training materials, in particular in quality control and standardization, repair and maintenance, industrial safety and environmental issues	620, 720-750, 650, 530
	- Entrepreneurship development	620, 640
Equitable development through industrial development	- Strategies/policies and institutional requirements in support of regional dispersal of industrial development	650, 820, 720-750
	- Promotion and strengthening of SMEs as poverty alleviation mechanisms through entrepreneurship development; common service facilities, business incubators, etc.; subcontracting; advice on technology upgrading options; and stimulation of self-organization	640, 650, 620, 830
	- Agro-processing and agro-related industries as sectoral focus	720

Table 2 (continued)

Development objective	Key areas of service	Programmes primarily responsible
Environmentally sustainable industrial development	- Introduction of cleaner production concepts through policy advice, information on technology options and availability, promotional programmes, environment and energy audits as well as national cleaner production centres	750, 720-740, 830, 520
	- National Agenda 21 implementation	750, 720-740, 650
	- Preservation of biodiversity and environmentally sound use of biotechnology	750, 830
	- Montreal Protocol: CFC substitution in refrigeration, foams and solvents sector, primarily at plant level	750, 730, 740
	- Safe handling/disposal of toxic chemicals and product substitution in agro-chemicals	750, 730
	- Energy-efficient industrial processes, energy conservation and new and renewable sources of energy as well as centres/networks on industrial application of safer energy	750, 720-740, 830
	- Environmental awareness of SMEs concerning process improvements and waste treatment/disposal options	750, 640
International co-operation in industrial investment and technology	- Integrated investment promotion services through analysis of FDI trends and determinants; national investment guides; project identification, appraisal and promotion; strengthening of investment agencies; investment forums; and world investment network services	820, 520
	- Transfer of technologies through build-up of information capacities (INTIB/TIES); monitoring and analysis of innovative forms of technology transfer; strengthening of institutional capacities and revitalization of existing technology agencies; and organization of Techmarts	830, 520, 720-750
	- Establishment of international and regional technology centres (e.g. ICS)	830, 650, 720-740
	- Twinning arrangemements between industry-related institutions	840, 650, 720-740
	- Region-to-region cooperation	840, 650, 720-740
	- ECDC/TCDC	840

Programme codes

520 (Industrial Information)
530 (Industrial Statistics)
540 (Studies and Research)
620 (Human Resource Development)
630 (Enterprise Development and Restructuring)
640 (Small and Medium Enterprises)
650 (Institutional Support and Private Sector Development)
720 (Agro-based Industries)
730 (Chemical Industries)
740 (Metallurgical and Engineering Industries)
750 (Environment and Energy)
820 (Investment Service)
830 (Technology Service)
840 (Industrial Cooperation and Consultations Service, including ECDC/TCDC)

those development objectives primarily addressed by the various programmes. With this proviso, the following links between development objectives and the programme structure can be defined.

98. With regard to the three special considerations, it is evident that they in particular pervade all programmes of UNIDO. This applies to the integration of women based on the concept of "mainstreaming"; to the development of the private sector which increasingly permeates UNIDO services in the various sectors and countries; and to the regional priorities which serve as overall guidance for programme development in the regions concerned. In terms of lead coordinating programmes the following linkages can be specified. UNIDO activities in support of the integration of women are guided and coordinated by subprogramme 313 (Integration of Women in Industrial Development); private sector development is led by programme 650 (Institutional Support and Private Sector Development); and the Organization's regional priorities are developed and coordinated by the various regional programmes (programmes 320-360).

D. Programme instruments

99. The above detailed description of the various services foreseen to be rendered by UNIDO in compliance with the development objectives and on the basis of the revealed demand from Member States covers a broad spectrum. It must, however, be emphasized that demand-driven programmes will necessarily need to comprise a multitude of disciplines and services corresponding to the diversification of the needs and priorities of the Member States. The services described in the present medium-term plan will, therefore, have to be understood as being the broad framework within which UNIDO will concentrate its actual resources for delivering specific services.

100. These endeavours of UNIDO to ensure an adequate focus and critical mass in utilizing its scarce resources will be pursued by the following measures. First, most services that UNIDO actually is and will be delivering comprise in themselves elements of various disciplines. This means that, e.g., a programme of rendering support to a small-scale industry in a developing country will be conceived and carried out as an inter-divisional programme containing ingredients of some of the services outlined above such as analytical and policy advice, information, technical cooperation and the promotion of international cooperation. The various components will thus not constitute independent services but will be packaged into coherent programmes.

101. Secondly, UNIDO will pursue its endeavours outlined in the Director-General's Bulletin on Guidelines for the Management of UNIDO Services (UNIDO/DG/B.177) to screen requested services from the very outset regarding their compliance with a given country's priorities and the capabilities of UNIDO (see also para. 145 below) so as to ensure that the resources of the Organization are not stretched beyond a feasible limit.

102. Finally, it is foreseen that the larger number and increased functions of UNIDO country offices supported by national expertise of the host country will have to be directly involved in both the design and delivery of services by the Organization.

103. All in all, a major challenge for UNIDO in the plan period will be (a) to tie the range of requested services to the five development objectives; (b) to screen, assess and select specific services as to their expected development impact and UNIDO capabilities; and (c) to build integrated programmes of services utilizing synergy effects and team efforts.

1. Programme development

104. The forward-looking development of programmes and, in this context, the identification of priorities and the selection among them is a critical precondition for designing and implementing coherent and interlinked services. With a view to overcoming previous shortcomings, UNIDO has reformulated and strengthened its programme development approach (IDB.13/9-PBC.10/11).

105. The new programming framework, which is being applied on a trial basis in the 1994-1995 biennium, should become fully operational in the plan period. An important new tool is the UNIDO country support strategies which will be supplemented by country programming briefs. The strategies derive from a policy dialogue (and related analyses) between UNIDO and a given country's Government and other relevant industrial actors and formulate the UNIDO response to the needs and demands of industrial development in terms of priority programmes and services. They are linked to and actually complement the overall United Nations system exercise of preparing country strategy notes. Essentially, the strategies will draw upon all relevant UNIDO programme instruments in an integrated manner, i.e. they will commit UNIDO's own resources - both from the regular budget and from programmable UNIDO-administered funds - and link them with other non-programmable resources. Committing the former to assessed priorities will serve as a basis for mobilizing the latter in the same areas.

106. In the plan period, based on an assessment of the experience gained in 1994-1995, UNIDO will refine the country support strategies approach and format and will, where appropriate, also prepare consolidated subregional support strategies.

107. In terms of developing integrated and thematic programmes of services, UNIDO has made significant conceptual advances. Integrated programmes are derived from extensive subsectoral analyses strongly involving also the private sector and put forward coherent packages of technical cooperation, promotional and information services as well as policy advice. Thematic programmes, within a more limited perspective, develop successful UNIDO services into a series of projects adapted to the specific circumstances prevailing in different countries. It is expected that two integrated development programmes - one on the wooden furniture industrial system and one on the local production of health sector inputs for the Africa region - as well as two thematic programmes - one on women entrepreneurs for growth and one on biomass energy generation - will become fully operational in the plan period. Further integrated and thematic programmes will be developed with special emphasis on areas in which industrial development can be effectively linked with overall socio-economic objectives.

2. Analytical studies and services

108. A number of functionally diversified study and research activities will be carried out with a view to strengthening the conceptual and analytical foundation on which the operational

programmes of the Organization rest, generating assessed UNIDO positions on critical industrial development issues and providing analytical and policy advisory services upon request.

109. A first group of studies will address global techno-economic trends and assess their implications for industrialization patterns and industrial strategies and policies in different regions of the world. In this, the focus will be on issues which are likely to affect significantly the future development paths of the developing countries, such as the industrial impact of major technological innovations, the sustainability and replicability of different industrial development approaches, the determinants of international resource flows, and the relevance of efficiency-equity trade-offs. The results of monitoring global economic and technological trends and assessing their implications for different developing regions will be issued in an annual analytical report.

110. Second, action-oriented research will be carried out with a view to providing direction to the implementation of specific UNIDO programmes in fields such as small and medium enterprises, human resource development, private sector development, and environment and energy. The same applies to industrial subsectors on which empirical research will be undertaken based on the Organization's statistical database. This action-oriented research will increasingly be integrated into the work of those organizational units directly in charge of implementing related programmes. As has been the case since 1992, such action-oriented studies will continue to be funded partly under the TSS-1 facility established by UNDP, under the successor arrangements for agency support costs.

111. Finally, a series of country-level Industrial Development Reviews will be undertaken, complemented by related in-depth industrial surveys, brief investment and industrial policy reviews and regional industrial overviews as required. These are closely linked to the programming of UNIDO services and will, for the countries covered, provide an analytical basis for the preparation of UNIDO country support strategies. Equally important is their use as promotional documentation in the context of the Organization's international cooperation efforts, above all investment promotion activities, and as a basis for informed policy dialogues on industrial restructuring initiatives. Emphasis will be placed on strengthening UNIDO's link with users in the private industrial business community and on enhancing UNIDO's role as a centre of excellence for country economic analyses of industrial trends and policy issues as required by Governments, investors, industrial executives, aid officials and others.

112. For all publications resulting from UNIDO research activities, a targeted dissemination to different groups of clients in Member States will be ensured and cooperation with commercial publishers will be intensified where appropriate.

3. Technical cooperation project management

113. Technical cooperation projects are all projects, financed either under UNIDO-administered or other funds, which fall within any of the following five categories: (a) institution-building projects; (b) direct support projects; (c) direct training projects; (d) experimental projects; and (e) pilot projects. It is in the context of technical cooperation projects that the majority of the substantive services rendered by UNIDO are actually delivered. The nature and range of these services has been described above under each of the five development objectives. The present section thus focuses on some general dimensions of project management.

114. In order to provide the Organization with the required operational support, a series of functions are carried out related to project management. Project personnel management and procurement services are to ensure the timely identification, appointment and administration of all international and national staff and consultancy firms for UNIDO projects, as well as the efficient and smooth supply of the goods, materials and equipment necessary to ensure the full implementation of technical cooperation projects. Project management also includes administrative support to fellowships and other training programmes of UNIDO.

115. Recipient developing countries expect UNIDO to provide individual experts and consultancy firms of high professional calibre with excellent communication skills so as to ensure the maximum transfer of knowledge. In projects in which procurement is involved, the recipient countries expect UNIDO to provide the required equipment, goods and materials at the best quality available in the market, yet at the most competitive prices. This requires that UNIDO improve the composition of its rosters and strengthen its contacts with sources of recruitment and procurement in all regions, e.g. through national recruitment services, industrial and scientific institutions and industry and technical associations. International competition for high-quality expertise also calls for greater flexibility and responsiveness on the part of the Organization with regard to conditions of employment, fees payable and administrative support offered to experts. In the area of fellowships and other training programmes it is indispensable to keep an updated register of institutions in both developing and industrialized countries offering training opportunities, including study tours and group training programmes, in line with the implementation requirements of UNIDO technical cooperation projects.

116. At project personnel level, it is expected in the plan period that the prevailing trend will continue towards an increasing number of international experts employed for short-term assignments in a wide variety of highly sophisticated and specialized technological and economic disciplines. In addition, the reliance on national professional project personnel, employed on average for longer periods than international experts, will increase. The same applies to consultancy firms, which will increasingly be needed for highly specialized subjects on a short-term basis.

117. The technical cooperation rosters for project personnel, consulting companies and institutions, equipment manufacturers and vendors, as well as the inventory of available training opportunities will be expanded with a view to accommodating the needs for specialized expertise and equipment in increasingly sophisticated technological and managerial disciplines. Electronic data-processing and office automation techniques will be made available and used to enhance the efficiency of the recruitment process as well as the procurement of contract services and equipment.

118. A coherent project management policy will be developed and applied to ensure that highly qualified experts, consultancy firms and institutions, equipment manufacturers and vendors as well as training institutions are kept in the front-line services of the Organization.

4. Information services

119. Information is an indispensable element for the process of industrial development. Through this programme instrument, UNIDO attempts to disseminate sets of information relevant to industrial development taking into account regional and country needs. Information can only achieve a positive impact if it is tailored to specific needs and utilized at the right moment. Thus speed and quality of information are two factors carefully considered. This programme instrument encompasses the collection, processing, analysis, monitoring and dissemination of information. Sets of information provided by UNIDO comprise technological information, industrial investment information and industrial statistics, as well as information on services provided by UNIDO.

120. With the recent installation of Internet (a world-wide network of communication networks - cf. IDB.12/7, annex I, para. 8) at UNIDO Headquarters, dissemination of information will be dramatically facilitated and accelerated. In the plan period, efforts will be devoted to interlink various beneficiaries of this programme instrument world-wide to enable them to obtain higher quality and more rapid information.

121. Through the INTIB mechanism, UNIDO assists countries in taking well-founded technological decisions. The Industrial Inquiry Service is used to transfer and disseminate information and to respond to specific inquiries received. Such inquiries are normally received directly from industrialists, government policy makers or indirectly through other United Nations organizations. There is a growing trend that queries are routed via the INTIB network of regional and national focal points that serve as intermediaries and play an important role in packaging information in appropriate form, both for local users and to feed into central databases. Currently there are over 80 national focal points established in various countries. In the plan period, substantial efforts will be made to improve the performance of these focal points also by interlinking them more closely with the work of UNIDO Country Directors and IPS offices.

122. In general, information is stored and disseminated in various forms such as databases, printouts and microfiches: Industrial Development Abstracts contain information on UNIDO technical cooperation activities, studies and reports, and proceedings of expert group meetings; the International Referral System directs entrepreneurs to external specialized sources of industrial and technological information to obtain responses to their inquiries; the technology supply database contains details of technology offers and requests collected at Techmart events; the Referral Database on Energy and the Environment (REED) contains information on institutions, projects, technologies, and other information concerning energy and environment; the Information Resource Management System is an integrated database system based on REED extended to information for sectors other than energy and environment; and Information Referral System (INRES) is a UNDP-developed database of training opportunities offered by institutions in the developing world. In the plan period, particular emphasis will be placed on addressing the information needs of small and medium enterprises, including information specially related to clean and energy-saving technologies.

123. In accordance with a decision by the United Nations Statistical Commission, the responsibility for collection and dissemination of industrial statistics is being transferred from the United Nations Statistical Office to UNIDO and the Organisation for Economic Cooperation and Development. Beginning in 1995, UNIDO will assume responsibility for industrial statistics of developing countries and transition economies (for all non-OECD countries). The UNIDO industrial database will be enlarged and publication of the Handbook of Industrial Statistics will become an annual rather than a biennial exercise. Information of this type represents an integral part of technical cooperation programmes and efforts to strengthen the capabilities of countries in the domain of industrial statistics and related policy information will be intensified in the plan period. The goal is to help countries develop more detailed and relevant types of statistics on industrial investment and finance, production capacities and productivity, as well as other parameters needed to assess changes in comparative advantage.

5. Promotion of industrial and technological development

124. Industrial promotion encompasses a wide range of activities designed to assist countries to identify and articulate their needs, increase their awareness of emerging industrial and technological trends, enhance the exchange of experience between countries and introduce new ideas and approaches related to technical cooperation and international industrial cooperation. This instrument comprises above all the promotion of industrial investment, industrial technology promotion and the promotion of other forms of international industrial cooperation. This section should thus be read in close conjunction with section II.B.5 above on the development objective "international cooperation in industrial investment and technology", which is complemented here by information on the main methods and tools employed by UNIDO in its promotional programmes.

125. Concerning investment promotion and technology transfer, the pre-investment analysis component ensures the quality of investment proposals by providing assistance to countries in the preparation and appraisal of industrial investment projects or by strengthening capabilities in the preparation of such projects at the institutional level. Software packages such as the UNIDO Computer Model for Feasibility Analysis and Reporting (COMFAR) and the Project Profile Screening and Pre-appraisal Information System (PROPSPIN) are important tools of this component. Investment projects are identified by UNIDO and its IPS network supported by the global Databank for Investment Promotion Programmes. Programmes such as country presentation tours and delegates' programmes are important elements that contribute to this promotional activity. In country presentation tours, representatives of recipient countries undertake a short promotional tour, usually in connection with a specific investment forum, to countries from which major investments are expected. In the delegates' programme,

delegates from developing countries are invited to IPS offices to promote a portfolio of projects over a period of one or two years. Screened investment projects are promoted through various means including investment forums organized in recipient countries and other events such as "Invesmarts".

126. The Technology and Investment Enhancement Strategy (TIES) is a promotional instrument that succeeds the Technological Information Exchange System (old TIES) and will become fully operational in the plan period. Its main objective is to promote cooperation, dialogue and policy discussions at regional and international levels among technology and investment institutions of developing countries on issues pertaining to and influencing technology and investment flows. The new TIES will be enhanced to address the investment issue together with technology information exchange.

127. Other more general mechanisms used for industrial promotion purposes include expert group meetings, workshops, consultations and other meetings arranged by UNIDO under its regular budget resources. They will primarily be applied for elaborating possible responses, by the developing countries themselves and by UNIDO, to pressing industrial development constraints and for identifying related technical cooperation requirements. Policy and technical advice will both be provided through such meetings as well as through separate advisory services rendered by UNIDO Headquarters and field staff.

6. Training

128. This programme instrument is closely linked with the development objective "development of human resources for industry" and should thus be seen in conjunction with it. It not only aims at the transfer of skills, but also includes the promotion and development of innovation, research and development capacities as well as managerial capabilities. As the Organization evidently cannot directly train millions of people, this programme instrument addresses those areas where it can act most effectively as a catalyst and stimulator of action and change. These include: (a) policy makers at various levels in government; (b) trainers in a large variety of organizations, including governmental and private sector organizations; and (c) key personnel in industry-related institutions and industrial enterprises. The programme instrument also aims to intensify the preparation and dissemination of training kits and packages of training materials, methods, manuals, documentation and software on high priority topics, drawing on materials developed in specific technical cooperation projects or at UNIDO Headquarters.

129. Other activities related to this programme instrument focus on specific training courses, organized on a group or individual basis, for key personnel from developing countries. Group training courses, including both in-plant and policy-oriented programmes, will be organized in response to specific training needs that are shared by a number of developing countries. In addition to group training, individual fellowships and study tours will be organized to meet specific training needs that can be more effectively met on this basis. In the plan period, increased attention will be paid in both types of training programmes to follow-up activities so as to enhance the impact of the training received.

130. The plan period will see the intensification of efforts by UNIDO to mobilize the considerable private sector resources in developing countries for enterprise-level training. A key element will be the training of both trainers and managers in industry supported by appropriate institutional and policy environments and by the provision of quality training materials.

131. Finally, UNIDO will further strengthen this programme instrument in cooperation with industrial associations, chambers of commerce and industry as well as large industrial enterprises, inter alia, through networking so as to facilitate the exchange of staff, information and curricula and establish joint training activities specifically in areas of high potential for ECDC/TCDC.

E. Supporting activities

1. Field representation

132. A number of factors combine to call for a strengthening and reorientation of the field representation of UNIDO. Apart from the general decentralization move in the United Nations system, these include: the need to strengthen the programme development efforts of UNIDO within a continuous dialogue with country-level decision makers; the increasing heterogeneity of UNIDO's clientele implying more negotiation and co-ordination requirements; the need to increase awareness of both public and private entities of UNIDO capabilities and services; the attempt to reach out to the various regions within a country in response to political and economic decentralization trends; and the need to develop integrated service packages in close consultation with different counterparts. As a result, an enhanced field presence is required to support UNIDO Headquarters in identifying, formulating, delivering and monitoring the services to be provided by the Organization in the most efficient manner. At the same time, the functions of the field offices will be broadened to range from programming activities to direct advisory services and thereby serve the entire Organization rather than being confined to supporting only its technical cooperation activities.

133. Effective coordination between UNIDO Country Directors (UCDs) and Resident Coordinators remains essential. At the same time, UNIDO field staff will need the flexibility to interact effectively with donor agencies, governmental/private sector bodies and funding agencies in their countries of assignment, in order to develop and negotiate all aspects including funding of UNIDO programmes and services.

134. In the plan period, UNIDO will actively pursue the implementation of United Nations General Assembly resolution 47/199 on decentralization of some functions from Headquarters to the field offices. In this connection, UNIDO will examine the possibility of "networking" its various field offices in developing countries.

135. In line with the recommendation of General Assembly resolution 47/199 calling for fullest utilization of the available national expertise at the field level, UNIDO field offices will include in the future at least one or two national professional officers who will have an intimate knowledge of the industry in their own country and will assist UCDs in development and delivery of specialized services to various clients. Similarly, UNIDO will consider the appointment of

National Directors for UNIDO field offices, wherever possible.

136. As requested by the Board at its eleventh session (decision IDB.11/Dec.29), UNIDO will undertake redeployment of Headquarters staff to field posts - including the temporary assignment of technical specialists - and assess the prospects of permanent transfer of Headquarters posts to the field as part of decentralization. Thus, UNIDO will make every effort not only to maintain the current level of field offices (42 under all sources of funds) but to increase this number to 50, which has been recommended by the policy-making organs of UNIDO as a desirable target.

137. In line with the recommendation in document IDB.11/7-PBC.9/9 on the UCD programme and subject to availability of financial resources, UNIDO will examine the possibilities of establishing three subregional offices on an experimental basis. If the concept is found feasible and if additional resources can be tapped, UNIDO will consider establishing further subregional offices.

138. The UNIDO field offices will continue to be financed from a variety of resources, including the Organization's regular and operational budgets, the UNDP sectoral support fund as well as various contributions from Member States. However, since the UNDP sectoral support might be discontinued at the end of 1996, UNIDO will increase its efforts to obtain the support of Member States for funding the UCD programme from alternative sources.

139. In order to ensure a coherent and coordinated performance of the field representation programme, UNIDO has established an advisory committee that will advise the Secretariat on the decentralization policy, mobilization of extrabudgetary resources, establishing country and subregional offices including their functions, location and staff requirements. The committee will also regularly follow up the implementation of decisions and recommendations of UNIDO policy-making organs on the UNIDO field representation programme.

2. Financial resource mobilization

140. In order to provide technical cooperation programmes and projects as well as other services requested by Member States to develop their industrial sectors, UNIDO requires funds and resources to finance its activities. Since the Constitution of UNIDO does not permit more than 6 per cent of the regular budget to be used for financing technical cooperation activities, the Organization has to mobilize the required funds from extrabudgetary resources.

141. In the past, UNIDO technical cooperation services were provided mainly through execution of UNDP-funded industrial projects in developing countries. With the gradual introduction of national execution in UNDP-financed projects, the role of UNIDO as a "subcontractor" of UNDP projects has declined dramatically. Therefore, if UNIDO is to provide any significant volume and quality of services to developing countries, it has to develop and implement a successful funds-mobilization strategy and strengthen its own funds mobilization capabilities.

142. To secure the interest of potential providers of financial resources and to respond to the needs of the developing countries, UNIDO will ensure that its services meet the quality standards set by the General Conference at its fourth session, namely relevance, cost-effectiveness and sustainability (cf. General Conference decision GC.4/Dec.11, para. (d)). Special attention will be given both to the quality of programme and service design and to the quality of implementation, monitoring and evaluation in order to ensure a sustainable impact of UNIDO services as well as the expected level of cost-efficiency and transparency.

143. Special efforts will be made to enhance the promotional and communication capabilities of UNIDO, in order to make the Organization better known in recipient and donor countries with a view to allowing an informed demand for its services on the one hand and generating the extrabudgetary resources needed for delivery of such services on the other. For that purpose, UNIDO will strengthen its partnership with key actors in the industrial sector such as chambers of commerce and industry, technology institutes, associations of industry, etc., in both recipient and donor countries. Through better public information, UNIDO will make every effort through intensive contacts with governmental information services, national and local information media, donor communications in developing countries, etc. to increase the awareness about UNIDO capabilities and services and to improve the public image of UNIDO both in donor and recipient countries.

144. The required funding for UNIDO services will have to be secured from various sources including current and potential donors. Since, however, funding sources differ in terms of their objectives, operational policy, resource potential and capabilities, it will be essential for UNIDO to design and promote a tailor-made funds-mobilization strategy according to the profile of the present and potential providers of resources. The funding sources have accordingly been organized in terms of target groups rather than funding mechanisms and comprise funds from the United Nations system, Governments, development finance institutions and the industrial sector.

3. Quality assurance

145. As part of the restructuring of the Organization, the quality assurance system has been revised and broadened with a view to ensuring that agreed quality standards are consistently applied in the development and delivery of services. Quality assurance will be the direct responsibility of all staff formulating project documents and their supervising managers. Related advice is available directly in the various implementing Divisions through specially trained quality assurance officers while a central Quality Assurance Unit ensures the adoption of uniform procedures and methodologies. The new approach is thus based on building up and promoting quality consciousness from below and in an integrated and decentralized manner throughout the Organization. The quality standards applied will be regularly reviewed so as to ensure that they fully reflect the constitutional principles of the Organization, its strategies and policies as well as the relevant guidelines on procedures, methods and formats. In a broader perspective, new guidelines for the management of UNIDO services (IDB.13/9-PBC.10/11) are being introduced to ensure that the entire process is transparent, relevant documentation is traceable and responsibility and

accountability are clearly assigned at each stage. Also, a new screening mechanism has been put into place that will allow focusing the services of UNIDO at an early stage on those areas that: (a) correspond to its mandate, policies and priorities; (b) respond to country needs and strategies; (c) are likely to be fundable; and (d) fall within areas of UNIDO expertise and staff availability.

146. In the plan period, the operation of the quality system will be continuously monitored by the central Quality Assurance Unit, which will also act as permanent adviser to PPRC. Based on this monitoring, the senior management of the Organization will regularly assess the status and adequacy of the quality system in relation to the overall quality policy of UNIDO. This quality policy rests critically on the assumption that UNIDO, as a service organization, has to provide relevant, cost-efficient and sustainable support to the needs of client institutions - through supporting the analysis of a problem situation, the formulation of a programme for a client or its implementation.

147. Methodologies such as the project cycle management/objectives-oriented project planning enable the operation of the quality system to be done in a transparent, iterative and participatory manner involving to the extent possible both the client and the beneficiaries. In this way, relevance and long-term sustainability of the impact at the beneficiaries' level can be ensured. These methodologies are sufficiently open and flexible to be combined with other tools. In the plan period, UNIDO will continuously review these methodologies and harmonize them with those of other multi- and bilateral cooperation agencies through regular meetings with their experts. Furthermore, whenever requested, UNIDO will continue to transfer such methodologies and related guidelines and procedures to Governments and institutions of developing countries engaged in coordinating technical cooperation activities.

148. Managers and staff will operate the quality system for UNIDO services according to the above standards and criteria. This implies that they will have to be fully conversant with the above principles, policies, priorities, procedures, methods and instruments. In the plan period, a series of training programmes will thus be devised at different levels on the relevant quality standards and criteria.

III. ACTION REQUIRED OF THE BOARD

149. The Board may wish to recommend to the General Conference the adoption of the following draft decision:

"The General Conference:

"(a) Recalls General Conference resolution GC.5/Res.1, in particular paragraph 1;

"(b) Takes note of the revised draft medium-term plan, 1996-2001, as contained in document IDB.13/19, in particular its new structure in compliance with General Conference resolution GC.5/Res.1;

"(c) Approves the services of UNIDO outlined in the relevant sections of document IDB.13/19 as the principal programme directive for the plan period which should serve as framework for the formulation by the Director-General of the biennial programme and budgets;

"(d) Decides for the future to rename the medium-term plan the 'medium-term programme framework' and reduce its time coverage to a period of four years."

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Item 5 (g) of the provisional agenda

ELECTRONIC DATA-PROCESSING PROGRAMME OF UNIDO

Report by the Director-General

Summary

In compliance with General Conference decision GC.4/Dec.18, paragraph (h), this report updates to 31 August 1994 information provided in documents IDB.12/7 and PBC.10/13.

Annexes

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1. The General Conference in its decision GC.4/Dec.18, inter alia, took note of the updated report by the External Auditor on the electronic data-processing (EDP) system (GC.4/50), of the follow-up report by the Director-General on the recommendations of the External Auditor (GC.4/48 and Corr.1) and of the final report of Touche Ross Management Consultants (GC.4/CRP.1). In the same decision the General Conference requested the Director-General, inter alia, to report to subsequent sessions of the policy-making organs on the programme and cost of implementing the consultants' recommendations (GC.4/CRP.1) and those of the External Auditor (GC.4/50).

2. In compliance with that decision, information was provided to the Industrial Development Board at its twelfth session regarding the status of action taken with respect to those recommendations as of 31 December 1993. The present report provides an update as of 31 August 1994 on action taken with respect to the recommendations of Touche Ross Management Consultants (GC.4/CRP.1) and those of the External Auditor (GC.4/50 and IDB.10/4-PBC.8/9, paras. 153-180) and the recommendations that resulted from phase two of the Strategic Automation Plan for UNIDO in the report of Andersen Consulting.

3. Annex I provides those details based on the recommendations of the two consultants. Annex II contains the recommendations of the External Auditor and the most recent action taken to implement them. Those recommendations which have been fully implemented, as reported in IDB.12/7, are not included. Annex III shows the cost of implementing that programme and annex IV shows all contractual commitments, both as of 31 August 1994.

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Annex I

STATUS OF ACTION TAKEN ON OUTSTANDIN RECOMMENDATIONS OF TOUCHE ROSS MANAGEMENT CONSULTANTS [a] AND OF ANDERSEN CONSULTING [b]

OUTSTANDING RECOMMENDATIONS	CURRENT STATUS
1. There is a need for a systematic review of procedures within UNIDO. This review must come about from a management initiative and cannot be led by EDP. There is too much duplication of effort and too much reliance on paper-based methods. (8.1.2)	1. There is a continuous effort in the Secretariat to streamline its procedures with the primary focus on eliminating duplication of effort and reducing paper flow. In addition to the streamlining of procedures reported in IDB.12/7, a simplified procedure for travel planning, authorization and monitoring is being designed, to be supported by a computerized system. It is expected that its implementation will eliminate data redundancy, improve data quality and integrity and reduce manual intervention. As new changes materialize, a statement on the impact of such streamlining will be the subject of future updated reports.
2. The information technology steering group should identify and sanction any proposed changes to packages. (8.1.3)	2. No new software packages have been changed or introduced in 1994. However, any changes required will be presented to the information technology committees and implemented only if endorsed.
3. Extensive training of EDP will be required in the use of the new methods and tools. (8.1.3)	3. In preparation for the task of moving to a distributed computing environment, six staff members of Management Information Services (MIS) have received introductory training in local area networks. Further training in local area networks as well as hands-on practice for applications development in a client/server architecture are planned for the second half of 1994. In order to update existing staff skills in the application of new technologies, considerable training of MIS staff will be required in the 1994-1995 biennium and will continue in 1996-1997.
4. Further investment in current systems should be avoided. Maintenance of existing systems must be restricted to changes which are absolutely essential, even if this will undoubtedly lead to dissatisfaction in the user community. The commitment of management is vital to maintain the support and understanding of the user community during this difficult period. (8.1.3)	4. As reported in IDB.12/7, the staff reductions that took place in 1993 have had an impact on the capability of MIS to develop new applications in 1994. Consequently, reliance on existing systems will continue and essential maintenance tasks or necessary system enhancements will consume most of the existing resources devoted to applications development activities. It is expected that the work of the newly formed information technology committees will assist in striking a balance between the need to keep existing information systems running and adherence to this recommendation of the external consultants.

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a/ References in the column "Primary recommendations" refer to sections of the final report of Touche Ross (GC.4/CRP.1).

b/ Strategic Automation Plan - Phase 2 Final Report, Vienna, 16 June 1992.

5. If FINSYS/PERSYS of FAO is put in place and modifications are needed, these should be contracted out, together with future maintenance, to a third party software house rather than build another skill set within UNIDO. (8.3.1)

5. As reported in IDB.12/7 and based on the recommendations of Andersen Consulting, the FAO system will not be considered any further. Instead, UNIDO will continue to rely on the Integrated Management Information System (IMIS) being developed by the United Nations in New York. As reported in PBC.10/13, UNIDO has signed an agreement with the International Atomic Energy Agency (IAEA) for the provision of facilities management and applications development support services. MIS will rely on the applications development support services provided by IAEA under that agreement, in order to free up a staff member to closely follow developments of IMIS and the implementation of the first components in Vienna in late 1994 and early 1995.

6. Better communications with the field need to be put in place. In the long-term, if and when it can be cost-justified, computer-based communications can be considered. (8.1.1)

6. UNIDO has become a node of Internet, the non-commercial global network which links together over 20 million users in more than 60 countries. It is envisaged that with Internet as a vehicle to improve communication and to promote access to industrial and technological information databases, communications with the field will be improved. However, major benefits can only result when, as recommended by the external consultants, it can be cost-justified to devote sufficient human resources to prepare documentation, as well as to train and assist the field offices and headquarters staff in the use of computer-based communications.

7. The cabling programme should be resumed with the wiring of six floors in 1992-1993 and the remainder in 1994-1995. Priority should be given to those floors with greatest needs. (8.3.2)

7. Two floors have been cabled in 1994 and two more are planned for 1995. This would complete wiring of all UNIDO floors except those dedicated to Languages and Documentation. Completion of the cabling programme will improve in-house electronic communication and will simplify redeployment of desktop equipment.

8. The acquisition of 90 PCs per biennium should go a long way towards satisfying UNIDO needs. (8.3.2)

8. As reported in IDB.12/7, the number of PCs to be acquired in 1994-1995 will be based on this recommendation. However, since hardware continuously reduces in cost it will also be possible to acquire additional sets to replace obsolete or very old and malfunctioning equipment.

Annex II

STATUS OF ACTION TAKEN ON OUTSTANDING
RECOMMENDATIONS OF THE EXTERNAL AUDITOR

PRIMARY RECOMMENDATIONS	CURRENT STATUS
1. A system should be established to spread all EDP non-staff costs among different user Departments. (GC.4/50, paras. 12, 45, 46)	1. Reported in IDB.12/7.
2. A disaster recovery plan should be worked out which should enable both UNIDO and IAEA to mutually provide a backup computer installation at no additional costs. (GC.4/50, paras. 16, 62-65)	2. As reported at a briefing provided to Permanent Missions to UNIDO on 4 May 1994, the agreement with IAEA contains a clause whereby it will be the responsibility of that Agency to provide disaster recovery support, including, in case of disaster, a backup location functionally equivalent to the hardware and software computer environment used by UNIDO.
3. A major objective should be intensive training of the existing EDP staff in the use of modern data-processing techniques and tools, and of the end-users regarding the relevant applications and software packages. (IDB.10/4, para. 178)	3. Status reported under recommendation number 3, annex I.
4. Standards should be established and complied with, throughout the Organization as a whole, regarding the use of software packages (i.e. word processing, database products, spreadsheets) thus enabling the transfer of any document without conversion problems and/or duplication of efforts. (IDB.10/4, para. 179)	4. As reported in IDB.12/7, the Information Technology Steering Committee endorsed standards regarding hardware and basic software and since then standards for minimum hardware configurations for future acquisition, as well as related software. With the new information technology committees in place, additional standards will be presented for endorsement and will be established in due course. This will cover, among others, such areas as procedures to facilitate the transfer of information between the mainframe and desktop equipment, software for local area networks and guidelines for development and documentation of PC-based applications.

Annex III

COST OF 1994-1995 BIENNIUM IMPLEMENTATION, AS AT 31 AUGUST 1994

(In US dollars at US$1 = AS 12.90)

	1994 allotments	Disbursements 01/01/94-31/08/94	Obligations	Expenditure (2 + 3)	Balance (1 - 4)
	(1)	(2)	(3)	(4)	(5)
Staff costs	2,056,600	1,282,532	6,146	1,288,678	767,922
Income	(133,800)	(96,968)	-	(96,968)	(36,832)
Mainframe					
Hardware	2,440,000	2,297,090	27,337	2,324,427	115,573
Software	171,000	165,852	4,835	170,687	313
Operation and maintenance	1,459,000	864,376	578,797	1,443,173	15,827
Office automation					
Hardware	240,000	92,092	15,075	107,167	132,833
Software	165,000	1,263	3,585	4,848	160,152
Maintenance	165,800	85,642	71,187	156,829	8,971
Other					
Supplies and materials	206,300	60,328	98,514	158,842	47,458
Network	305,000	94,511	38,387	132,898	172,102
External computer costs	30,000	2,964	26,687	29,651	349
Training	140,200	56,386	62,716	119,102	21,098
Travel/meetings	27,000	1,448	2,428	3,876	23,124
Consultancy support	58,200	-	13,500	13,500	44,700
Miscellaneous costs	5,000	2,313	-	2,313	2,687
Income	(197,800)	-	-	-	(197,800)
TOTAL	7,137,500	4,909,829	949,194	5,859,023	1,278,477

Notes:

1. Allotments represent the 1994 regular budget and operational budget appropriations, excluding reserves of $1,281,400.

2. Obligations include contractual commitments for 1994.

Annex IV

CONTRACTUAL COMMITMENTS, JANUARY - 31 AUGUST 1994

(In US dollars at US$1 = AS 12.90)

Contract number	Supplier	Description	Period	1994	1995	1996	1997	Total
94/267	Gammag	Maintenance of Wang VS system	01/01/94-31/03/94	15,504	-	-	-	15,504
94/268	Rank Xerox	EPIC & HFDL software maintenance	01/01/94-31/03/94	736	-	-	-	736
94/269	General Electric	Geisco Service	01/01/94-31/12/94	11,628	-	-	-	11,628
94/270	PTT	Rental line 2308197	01/01/94-31/12/94	194	-	-	-	194
94/271	PTT	Rental datex-P line	01/01/94-31/12/94	19,690	-	-	-	19,690
94/272	Radio Austria	Rental & usage - line 2329 11000607	01/01/94-31/12/94	2,326	-	-	-	2,326
94/273	Radio Austria	Rental of line 2329 11001734	01/01/94-31/12/94	1,163	-	-	-	1,163
94/274	Radio Austria	Rental of line 2329 11001850	01/01/94-31/12/94	155	-	-	-	155
		Olivetti PCs						
94/275	PTT	Rental of line 238348	02/01/94-31/12/94	388	-	-	-	388
94/276	PTT	Rental of line 2307584	01/01/94-31/12/94	12,403	-	-	-	12,403
94/277	PTT	Telerate line 243680	01/01/94-31/12/94	1,163	-	-	-	1,163
94/278	Rank Xerox	Maintenance printer X4090	01/01/94-31/12/94	31,395	-	-	-	31,395
94/279	Rank Xerox	Maintenance printer X4050	01/01/94-31/12/94	19,792	-	-	-	19,792
94/280	IAEA	Maintenance of LTCs	01/01/94-31/03/94	1,938	-	-	-	1,938
94/281	University of Vienna	EARN participation	01/01/94-31/12/94	7,442	-	-	-	7,442
94/282	Rank Xerox	Printing costs - printer X4090	01/01/94-31/12/94	33,371	-	-	-	33,371
Balance carried forward				159,288	-	-	-	159,288

Annex IV (continued)

Contract number	Supplier	Description	Period	1994	1995	1996	1997	Total
Balance brought forward				159,288	-	-	-	159,288
94/283	Share Europe	Membership fee 1994	01/01/94-31/12/94	1,426	-	-	-	1,426
94/284	SAS	SAS Base system and utilities	01/01/94-30/04/94	15,992	-	-	-	15,992
94/285	ICC	Computer usage	01/01/94-31/12/94	25,000	-	-	-	25,000
94/286	IBM	Software maintenance for Token Ring	01/01/94-31/03/94	3,833	-	-	-	3,833
94/287	IAEA	Computer usage	01/01/94-31/12/94	4,651	-	-	-	4,651
94/288	EDV Software	ADABAS maintenance	01/01/94-31/03/94	15,683	-	-	-	15,683
94/289	Computer Associates	CA-1 copycat software maintenance	01/01/94-31/03/94	814	-	-	-	814
94/290	APT	OLIVER software maintenance	01/01/94-31/03/94	1,720	-	-	-	1,720
94/291	EVN	SECURITREE software maintenance	01/01/94-31/03/94	1,395	-	-	-	1,395
94/292	Computer Associates	CA-LIBRARIAN software maintenance	01/01/94-31/03/94	6,100	-	-	-	6,100
94/293	Candle	OMEGAMON software maintenance	01/01/94-31/03/94	4,942	-	-	-	4,942
94/294	Management Data Wang	Leasing PCs plus buyout	01/01/94-28/02/94	17,688	-	-	-	17,688
94/298	Rank Xerox	Printing costs - printer X4050	01/01/94-31/12/94	25,619	-	-	-	25,619
94/299	IBM	Facilities Management	01/01/94-31/03/94	312,682	-	-	-	312,682
94/300	Rank Xerox	Maintenance and repair of peripherals	01/01/94-31/12/94	15,504	-	-	-	15,504
94/301	Telerate	Financial Market Information	01/01/94-31/12/94	10,078	-	-	-	10,078
94/302	IBM	Software licence	01/01/94-31/03/94	122,333	-	-	-	122,333
94/303	Gammag	Maintenance and repair of peripherals information	01/01/94-31/12/94	10,900	-	-	-	10,900
94/307	IBM	Mainframe lease	01/01/94-30/06/94	2,215,200	-	-	-	2,215,200
94/310	Compuware	ABEND-AID software maintenance	01/01/94-31/03/94	1,281	-	-	-	1,281
Balance carried forward				2,972,129	-	-	-	2,972,129

Annex IV (continued)

Contract number	Supplier	Description	Period	1994	1995	1996	1997	Total
Balance brought forward				2,972,129	-	-	-	2,972,129
94/311	Polst	Cabling floor D-22	1994	45,363	-	-	-	45,363
94/313	Radio Austria	Dial-up position for Treasury	01/01/94-31/12/94	1,363	-	-	-	1,363
94/315	IAEA	Facilities Management	01/04/94-31/12/97	1,025,293	1,443,612	1,524,455	1,609,824	5,603,184
94/320	IBM	Maintenance of mainframe	April 1994	19,101	-	-	-	19,101
94/329	Prager Consult	Computer-related training	1994 and 1995	119,000	119,000	-	-	238,000
94/339	IBM	Maintenance for Token Ring software	April 1994	1,278	-	-	-	1,278
94/340	IBM	Software licence	April 1994	40,778	-	-	-	40,778
94/307	IBM	Purchase of mainframe peripherals after end of lease period	June 1994	28,797	-	-	-	28,797
94/349	Data Transport Systems	Modification of UNIDO's PC-based budget system	01/09/94-30/09/94	5,500	-	-	-	5,500
94/356	I-Net Gmbh	Consultancy to set up SQL server	August 1994	8,000	-	-	-	8,000
94/359	Retailers Handels Gmbh	Maintenance and repair of bar code reader	1994	928	-	-	-	928
94/364	Gammag	Technician to re-install Extra for DOS in 600 PCs	September 1994	5,814	-	-	-	5,814
Total				4,273,344	1,562,612	1,524,455	1,609,824	8,970,235

Abbreviations

CPU - Central processing unit
LTC - Local terminal controller
PC - Personal computer

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REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1992-1993

Implementation of the recommendations of the External Auditor for the financial period 1992-1993

Report by the Director-General

Summary

In compliance with Programme and Budget Committee conclusion 94/8, paragraph (f), provides information on actions taken by the Secretariat to implement the recommendations contained in the report of the External Auditor for the biennium 1992-1993 (IDB.13/7).

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Introduction

1. The present report, which responds to conclusion 94/8, paragraph (f) of the Programme and Budget Committee, complements and updates the information provided in the comments of the Director-General (IDB.13/8) in respect of the issues raised in the report of the External Auditor (IDB.13/7) and should be read in conjunction with those documents.

2. As undertaken by the Director-General in his statement to the Programme and Budget Committee, a Committee has been established to follow up the recommendations of the External Auditor, with the participation of Internal Audit Unit, Legal Service, Personnel Services, Financial Services and Management Information Services; it will remain as an ongoing body for follow-ups and monitoring of recommendations by the External Auditor.

I. SPECIFIC COMMENTS

A. Budgetary, accounting and financial reporting procedures

Regular budget assessed contributions income (para. 7)*

3. Collection rates for 1992 and 1993 assessed contributions are expected to improve marginally in respect of the year 1994. The latest information on the subject is contained in document IDB.13/22 on the financial situation of UNIDO.

Regular budget unliquidated obligations (para. 9)

4. As requested by the External Auditor, additional instructions will be incorporated into the internal timetable for the year-end closing at 31 December 1994, to ensure full compliance with legislative requirements regarding regular budget outstanding obligations review and reporting as at 31 December 1994, and for year-end closures thereafter.

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* Paragraph numbers refer to paragraphs in the report of the External Auditor (IDB.13/7).

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Commitments approved for future fiscal periods (para. 11)

5. To comply with the recommendation of the External Auditor, and as stated in document IDB.13/8, paragraph 10, a system is being developed that will ensure the recording and accounting of commitments for future bienniums. The procedures will be established prior to 31 December 1994 and will remain in place for reporting at year-end closures thereafter. Accordingly, the Director-General will issue amendments to financial rules 104.3 and 109.6(b). The amendments will be communicated to the Board at its fourteenth session, through the Programme and Budget Committee.

Gains and losses on exchange (para. 12)

6. In compliance with the External Auditor's recommendation the Director-General will issue an amendment to financial rule 110.7(b) to align this rule with the actual accounting and reporting practice for the treatment of exchange losses. This amendment will be communicated to the Board at its fourteenth session through the Programme and Budget Committee.

Tax Equalization Fund - Treatment of accounts receivable (para. 15)

7. Negotiations have been renewed with the Government of the United States of America concerning the reimbursement of taxes paid on income earned during the period 1986 to 1991 by UNIDO staff members. Further developments will be brought to the attention of the Programme and Budget Committee at its eleventh session.

Unliquidated obligations - United Nations Development Programme Operating Fund (para. 16)

8. In accordance with the recommendations of the External Auditor, and in the interests of improving current accounting practice, the review of unliquidated obligations as at 31 December 1994 and for year-end closures in 1994 and thereafter will be carried out under modified instructions which will include provision of written confirmation by certifying officers of the validity of the unliquidated obligations in respect of technical cooperation projects.

Advances for seminars and study tours for technical cooperation projects (para. 17)

9. The Director-General accepts the recommendation of the External Auditor that advances for seminars and study tours be accounted for as receivables, that procedures be established to ensure that advances are cleared in a timely manner, and that delays in clearing advances be disclosed and quantified in the notes to the financial statements. The amendment in the accounting for advances for seminars and study tours will thus be reflected in the year-end accounts of the Organization hereafter.

Bank reconciliations (para. 18)

10. The Organization took action in June 1994 to clear the backlog in bank reconciliations, and to ensure that timely and regular monthly reconciliations are carried out. Staff resources have been assigned to do this work. While the backlog has not yet been fully cleared, significant progress has been made and it is estimated to be cleared by 31 December 1994.

Financial completion of technical cooperation projects (para. 25)

11. The External Auditor noted the remarkable improvement in 1993, compared with 1992, in the timeliness of financial completion of projects. Further efforts are being made to ensure all projects are financially completed within 12 months after their operational completion. Together with the improvements already made, continual attention is given to this issue and high standards should be maintained in the future in respect of the financial completion of projects.

UNIDO finance manual (para. 42)

12. Following the recommendation of the External Auditor, the official version of the UNIDO finance manual will be distributed by 31 December 1994. The manual will be published in such a format as to permit amendments, as they occur, to be conveniently inserted.

B. Contracts and purchases

Manual on policies, procedures and rules governing the activities of Purchase and Contracts Units (para. 19)

13. The Secretariat will complete a second review of the draft version of this manual before the end of 1994 for publication early in 1995.

Roster of vendors and roster of industrial consultants (para. 20)

14. The Secretariat has taken measures to ensure that for procurement and contracts actions the roster of vendors or the roster of industrial consultants are always used, and that the appropriate file contains a note documenting the consultation of the roster. To enhance the user-friendliness of the roster of vendors, consultations with Management Information Services are being continued and the coding system is being further refined by the Inter-Agency Procurement Services Office in cooperation with the procurement services in the United Nations system. In addition, the Purchase Unit is continuing its efforts to ensure rostering of an adequate number of vendors offering products demanded by UNIDO.

Purchase orders of less than $20,000 (para. 21)

15. Instructions have been issued to ensure that procurement may proceed on the basis of financial rule 109.19 (a) without inviting formal bids or calling for proposals only when current competitive quotations are available, which conform to the specifications and delivery schedule in the purchase requisition. The instructions further state that quotations older than six to nine months cannot be considered current, and that in all cases where this procedure is followed, the purchase file must contain a record of the competitive quotations that were considered for the award.

Management of purchase and contract files (para. 22)

16. Instructions have been issued to purchasing and contracts staff to ensure compliance with the requirements mentioned by the External Auditor in paragraphs 111 and 114 of document IDB.13/7.

17. A review has been initiated to revise and improve the requisition forms to ensure that all data and clearances required by the Purchase and Contracts Units are provided on the forms.

18. Instructions have been issued to the Purchase Unit requiring the responsible officer to monitor the return of the signed acknowledgement copy and to ensure that no payment is made before receipt and filing in the purchase file of the acknowledgement copy.

19. As reported in document IDB.13/8, paragraph 24, a note will be addressed to UNIDO field offices calling attention to the importance of completing and returning the receiving and inspection reports to the Purchase Unit. In addition, instructions have been issued to the Purchase Unit requiring the responsible officer to monitor the receipt of the receiving and inspection report (copy B of the purchase order), if necessary by cabling the UNDP Resident Representative concerned, and not to close or archive the purchase file until receipt of shipment in good condition has been duly acknowledged or, alternatively, necessary claims and/or settlement action has been completed.

20. As reported in document IDB.13/8, paragraph 24, in the process of future computerization, consideration will be given to the inclusion of fields to record receiving and inspection reports.

21. The few inaccuracies in inputting data into the Contracts Management Information System have been duly noted and efforts will continue to be made to ensure the completeness of the computerized information. At the same time, it is recalled that the computerized information system is not the only tool available to the contracts officers and that the instances referred to by the External Auditor did not involve any wrongful payment or other inappropriate transaction.

Publication/advertisement (para. 23)

22. Guidelines have been issued on the requirement for published advertisement in journals and/or newspapers when requesting proposals for large contracts for services for UNIDO Headquarters or for large purchase orders. The solicitation documents will be provided free of charge to firms notifying UNIDO of their interest.

Payment conditions

23. In order to ensure a more uniform practice, while minimizing exposure to financial risks, management has also issued instructions on the conditions of payment, including advance payments against bank guarantees or letters of credit and the scheduling of payments to reflect the satisfactory performance of services.

C. Electronic data-processing systems

Distribution of EDP non-staff costs (para. 30)

24. As indicated in document IDB.13/8 (para. 34), the ultimate goal is to implement a charge-back system for non-staff expenditures, beginning with a distribution of budget resources for office automation and network in the 1996-1997 budget (document IDB.12/7, annex II, para. 1 also refers). At present the information technology committees are establishing the mechanism for distribution of such budget resources in the proposals for the 1996-1997 budget submission.

A system for managing, controlling and auditing automation projects (para. 31)

25. All new applications development projects now have a work plan that shows the time schedule and estimated start and completion dates for each phase and for each activity within a phase.

26. Progress has also been made in the integrated requisition, purchase and contract system. With the participation of the end-user, a requirements catalogue was prepared, based on which a set of requirements was selected for implementation as phase I. This phase is now in the test and parallel stage and the end-user reference manual has been completed. A number of requirements from the requirements catalogue were deferred for later implementation as phase II.

Formal standards concerning end-user computing (para. 32)

27. In the stock-taking exercise, the majority of the division information managers have already completed the inventory of personal computer (PC) applications, with those still outstanding to be completed in September 1994. By end-October 1994, a new version of the information systems portfolio will be published that will include all PC-based applications.

28. The systems analyst of Financial Services has finished his review of the PC-based applications in Accounts and Payments Unit (APU) referred to by the External Auditor (IDB.13/7, para. 157). These applications fall into one of two basic categories:

(a) Independent PC systems found to be effective tools for APU work automation. Following the review, these applications have been left unchanged;

(b) Systems that have mainframe data as input or output. Four of these have been integrated into the related mainframe systems, while three others are being or will be integrated. This will eliminate the lack of integration pointed out by the External Auditor. Where applicable, the remaining applications will automatically download or upload data between the mainframe server and the PC in order to avoid duplication of input.

Providing back-up for key users (para. 33)

29. As specified in document PBC.10/13, under the agreement signed in March 1994, the International Atomic Energy Agency (IAEA) provides UNIDO with applications development support to supplement UNIDO's own applications development activity. The provision by IAEA of such services has started to free UNIDO staff resources from routine maintenance, thus ensuring adequate professional back-up for mission-critical computer systems.

D. Personnel matters

Staff mobility (para. 36)

30. Efforts have continued to increase the number of staff members detailed to technical cooperation projects through the inclusion of such inputs in the preparatory phases of projects. Thus, while in 1993 the number of staff members detailed to projects amounted to 16, this figure has increased to 21 for the period 1 January to 31 August 1994. It is anticipated that this positive trend will continue throughout 1994.

Representation of women (para. 37)

31. In addition to the restoration of the representation of women at the senior level referred to in document IDB.13/8 (para. 50), the disparity in the average age between men and women at the P-5 level has also been reduced as a result of the recent 1993 promotion review. It is anticipated that these positive trends will continue during the course of the 1994 promotion review.

Performance appraisal (para. 39)

32. In line with the Director-General's intention to improve the existing performance appraisal system (IDB.13/8, para. 54), a working group has been established with the aim of producing a revised system which would enhance the usefulness of performance appraisal. The initial phase of the group's work has been completed, and a prototype form is being submitted to Managing Directors and other end-users for their views. These views will be considered and, where appropriate, incorporated in the final version of the performance appraisal form. It is anticipated that testing of the revised system will begin in late 1994.

Home leave travel (para. 40)

33. The External Auditor's remarks concerning the 4.8 per cent discount offered by American Express is one of a number of issues being studied as a result of the request by the Industrial Development Board to review the current arrangements for implementing the system of home leave entitlements of UNIDO staff (decision IDB.12/Dec.4). In close cooperation with IAEA, which was also requested by its Board to conduct a similar review, a study was undertaken by UNIDO, the results of which are being analysed. On the basis of this analysis, UNIDO and IAEA are exploring means of arriving at similar procedures for implementation in January 1995.

Staff inspection unit (para. 41)

34. The staffing situation in the organizational units mentioned in the External Auditor's report continues to be monitored closely. While a thorough Organization-wide workload and staffing review by a formally established staff inspection unit would require resources not included in the current programme and budget, it is intended to hire two consultants to review personnel procedures and to develop a methodology for assigning staff according to workload. An outline of the proposed methodology is expected to be available towards the end of the first quarter of 1995. The feasibility of establishing an independent staff inspection function will be evaluated further in the light of the consultants' findings.

35. In the meantime, the Director-General has been active in pursuing steps to respond to the request for a more flexible personnel policy. This has included the granting of fixed-term appointments only, including short-term appointments for staff in an advisory or specialist capacity. Retention of staff on fixed-term appointments will be based on the actual needs of the Organization and the performance of the staff concerned.

II. ACTION REQUIRED OF THE BOARD

36. The Board may wish to take note of the report of the Director-General on actions taken in response to the issues and recommendations expressed by the External Auditor.

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FINANCIAL SITUATION OF UNIDO

Report by the Director-General

Summary

Provides information on the financial situation of UNIDO, including a status report of assessed contributions paid by Member States and advances to the Working Capital Fund as of 31 August 1994 and a cash flow analysis for 1994 and 1995; the current situation of the regular budget and an estimate of income and expenditure for the operational budget; and proposed reallocations within the regular budget for the 1994-1995 biennium to achieve effective and full utilization of budgetary resources.

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Introduction

1. In addition to the information regularly provided to sessions of the policy-making organs on the financial situation of the regular and operational budgets, the present document also responds to Programme and Budget Committee conclusions 94/2(d) on the effective and full utilization of the budgetary resources within the 1994-1995 biennium and 94/5(c) on proposals in respect of revised appropriations for that biennium related to the UNIDO Country Director (UCD) programme.

2. During the first eight months of 1994, the financial situation of the Organization's regular budget has improved owing to increased liquidity. In the operational budget, projected expenditure levels and support cost income levels continue to give cause for concern. Nevertheless, the operational budget is expected to balance in 1994.

I. CURRENT SITUATION

Regular budget

3. Annex I to the present document shows the status of assessed contributions to the regular budget as of 31 August 1994. As of that date, unpaid assessed contributions for the period 1986

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to 1993 amounted to $5,277,899 and AS 243,920,217 (equivalent to $21,974,812 at an exchange rate of US$ 1 = AS 11.10) for a total of $27,252,711. Unpaid assessed contributions for 1994 amounted to $6,912,720 and AS 653,943,447 (equivalent to $58,913,806) for a total equivalent of $65,826,526 or 58.43 per cent of the 1994 assessment. The total cumulative amount outstanding is equivalent to $93,079,237 at current rates. As of 31 August 1994, the collection rate during 1994 amounted to 55.25 per cent of the 1994 assessment, 41.57 per cent of which relates to current year collections and 13.68 per cent to prior year collections. At the same time last year, the collection rate for 1993 was 63.27 per cent of the 1993 assessment. The principal reason for the lower collection rate in 1994 is that the 1994 assessed contribution of one Member State, received for 1993 in April 1993, has not yet been received.

4. This means that there has been a significant decline in the collection rate, a matter which causes major concern. The ability of the Organization to implement its programme of work in a systematic and efficient manner depends, to a large extent, on the cash flow generated through the payment of assessed contributions. Delays in payment of assessed contributions also lead to difficulties in matching expenditure with cash each month. It may also lead to unutilized balances at the end of the biennium as cash resources cannot be committed until the last few weeks of the year or biennium, if at all.

5. Annex II shows the status of advances to the Working Capital Fund. Unpaid advances to that Fund as of 31 August 1994 amounted to $264,706.

6. Annex III shows the general fund cash flow analysis for 1994 and 1995 as of 31 August 1994. Projections of assessed contribution income are based on previous patterns of income receipt. The total collection rate in 1994, including current year and prior year collections, is expected to reach about 95 per cent of the 1994 assessment. Projections of budgeted disbursements and cost reimbursements have been revised to take into account current expenditure trends.

7. The cash situation nevertheless is stable due to, among other things, the availability of cash resources resulting from the collection of prior year assessed contributions. As intended, the decision of the General Conference (GC.5/Dec.14) to suspend temporarily financial regulations 4.2(b) and 4.2(c) has helped to strengthen the cash resource base of the Organization, thereby providing cash resources for the current biennium which offset to some extent the shortfalls in the collection of current year assessments. Expenditures are expected to be held within available cash resources during the biennium.

8. The improving financial situation in the regular budget led to the release, in July, of the full 1994 appropriations. Consequently, implementation of the work programme is progressing apace.

9. While the regular budget financial position is reasonably stable at present, expenditure during the first eight months of the biennium has been lower than anticipated. This is largely due to vacancy factors substantially higher than the 7 per cent foreseen for Professional-level posts in the budgetary estimates (see para. 16 below). The economy measures introduced during this period have also resulted in considerable reduction of expenditure. It is intended that the funds resulting from restrained expenditure on both these accounts will be utilized on priority programmes during the remainder of the biennium.

Operational budget

10. The estimated status of the operational budget for 1994 based on the actual results to 31 August 1994 and estimates for the remainder of the year is summarized below:

Operational budget status report - 1994
(In thousands of US dollars)

Opening balance of reserves 1 January 1994			1,856.9
Income to 31 August 1994	9,014.9		
Income September to December 1994 (est.)	3,781.2		
		12,796.1 a/	
Expenditure to 31 August 1994	8,999.1		
Expenditure September to December 1994 (est.)	3,779.0		
		12,778.1	
Estimated surplus/(deficit)			18.0
Closing balance of reserves 31 December 1994 (est.)			1,874.9

a/ Revised upward from $12.6 million as reported in document PBC.10/10.

11. Although the support cost income from United Nations Development Programme (UNDP) sources of funds have continued to decline in 1994, slightly improved delivery is expected in respect of projects to be implemented under the Montreal Protocol.

12. Expenditures were reduced as a result of further attrition of operational budget staff and through continued economies in non-staff costs. To the extent possible, staff occupying operational budget posts have been transferred to vacant regular budget posts. The reductions in expenditures have been achieved notwithstanding the impact of the decline in the value of the United States dollar from US$ 1 = AS 12.20 in March 1994 to US$ 1 = AS 11.10 in September 1994 (United Nations operational rates of exchange). The negative impact of this factor on the operational budget could amount to approximately $600,000 over a twelve month period.

13. As a result of the measures taken to reduce expenditures, the operational budget is expected to balance in 1994.

II. 1994-1995 REGULAR BUDGET IMPLEMENTATION

14. The positive financial outlook and the continued support of the policy-making organs with respect to financial flexibility will enable the Organization to better utilize budgetary appropriations during the present biennium as compared to previous bienniums. During the first eight months of the biennium, implementation has been rather low compared to previous years. The major contributing factor was the far-reaching organizational and staff restructuring processes undertaken during the first semester of 1994 which involved definition of new terms of reference, fundamental programme adjustments and, therefore, changes in personnel recruitment. Financial uncertainties also prompted a policy of caution in programme implementation.

Actual and expected resource availability

15. At this early stage of the biennium, it is difficult to predict the precise level of resources that may become available through vacancies, economies and more efficient utilization of resources. However, in the light of the 1994 experience to date in respect of reduced expenditures on staff costs due to higher-than-budgeted vacancies and as a result of economies in non-staff costs, an estimate of available resources arising from these factors has been made.

16. The average vacancy factors in respect of posts not subject to cost-sharing for the eight months to 31 August 1994 have been approximately 15 per cent for Professional- and 8 per cent for General Service-level posts. The resources realized and anticipated for 1994-1995 resulting from higher-than-budgeted vacancies are estimated at $4.7 million. The high vacancy rates result from the carry-over of regular budget vacancies from 1993 and the longer than normal lead times for recruitment during the implementation phase of the restructuring process. The Secretariat has recently recruited against most of the key posts at management level and it is intended that the vacancy factor will be substantially reduced during the remaining months of the year so as to achieve a level as close to 7 per cent as soon as possible.

17. Additional economies are expected to be achieved during the biennium in travel due to the use of low cost fares ($400,000); in communications due to use of less expensive forms of communications and improved charging of project related costs ($800,000); as well as consultants ($120,000) and general operating costs ($70,000).

Measures to achieve full and effective utilization of resources

18. The unutilized budget resources arising from vacancies and economies provide the Organization with the opportunity to enhance significantly certain priority programmes and to support the reform process. To this end, a thorough review is currently being made of each major programme and its subprogrammes to identify critical resource requirements at this stage and on this basis consider redeployment of resources. It is intended to provide increased allocations for three priority programmes and activities.

19. Firstly, it is intended to strengthen field representation as far as possible and to allocate increased funds to ensure that the present number of UCD offices is maintained throughout the current biennium on a sound financial basis. This will require the provision of work-months to the UCD programme for the current biennium without changing the approved number of 1994-1995 posts forming the basis for the 1996-1997 biennium. Through this initiative, the Secretariat is able to respond, at least in the short term, to Board decision IDB.12/Dec.11 by maintaining the present number of UCD offices.

20. Secondly, special priority will be given to additional programmes for the least developed countries (LDCs) and African developing countries. A special programme is being undertaken to develop UNIDO country support strategies for a number of developing countries, especially the LDCs and African developing countries. This includes missions to and consultations with national authorities in those countries.

21. Thirdly, it is proposed to strengthen core activities of UNIDO in high demand (i.e. information service) and undertake new initiatives as part of the UNIDO reform programme during the present biennium in certain priority fields, such as human resource development, small and medium enterprises, promotion of investments and technology, industrial restructuring and rehabilitation, environment and energy, and socio-economic aspects of industrial development.

22. It is expected that full and effective utilization of resources will be achieved during the biennium through such priority reallocations. To the extent that unutilized balances remain for 1994-1995, they should, for the most part, be related to administrative activities or result from possible unrealized inflation expectations.

23. In the event that the proposed redeployment of resources to priority programmes and activities requires transfers between major object of expenditure, such proposals will be presented to the eleventh session of the Programme and Budget Committee for consideration. The resource utilization is, in any case, not expected to lead to any adjustment in the budget base for 1994-1995.

III. REVISED APPROPRIATIONS FOR 1994-1995

24. In response to Programme and Budget conclusion 94/5(c) to present a revision in respect of the proposals made in document PBC.10/10/Add.1 for the benefit of the UCD programme, a review of the subject has been made. In view of the proposals contained in paragraph 20 above concerning the full and effective utilization of regular budget resources, no proposals in respect of document PBC.10/10/Add.1 are being submitted at the present time to revise the 1994-1995 appropriations. However, it must be re-emphasized that there still remains a compelling need to identify new solutions to strengthen UNIDO field representation. The extent to which the regular budget will provide long-term funding to the UCD programme will be considered in the 1996-1997 programme and budget proposals.

IV. ACTION REQUIRED OF THE BOARD

25. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the report of the Director-General on the financial situation of UNIDO (IDB.13/22);

"(b) Expresses deep concern at the non-payment and late payment by some Member States of assessed contributions and of advances to the Working Capital Fund;

"(c) Urges those Member States that have not yet paid their assessed regular budget contributions, including advances to the Working Capital Fund, for the bienniums 1986-1987 to 1992-1993 and for 1994 to do so without delay;

"(d) Notes the intention of the Director-General to make full and effective utilization of resources in the 1994-1995 biennium through reallocations to priority programmes and activities as described in paragraphs 20 to 22 of document IDB.13/22."

Annex I

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

(As of 31 August 1994)

Member State	Scale of assessment (percentage)	Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994					TOTAL
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(RoE 11.10)	
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
AFGHANISTAN	0.01	1,127	117,634	1,178	111,426	2	226	0	0	1,125	117,408	1,178	111,426	20,615	22,918
ALBANIA	0.01	1,972	205,812	1,178	111,426	0	32	0	0	1,972	205,780	1,178	111,426	28,577	31,727
ALGERIA	0.17	0	0	20,024	1,894,238	0	0	20,024	1,894,238	0	0	0	0	0	0
ANGOLA	0.01	1,769	184,588	1,178	111,426	2	226	0	0	1,767	184,362	1,178	111,426	26,647	29,592
ARGENTINA	0.60	61,756	6,445,620	70,672	6,685,545	0	0	0	0	61,756	6,445,620	70,672	6,685,545	1,182,988	1,315,416
ARMENIA	0.14	25,634	2,675,552	16,490	1,559,960	0	0	0	0	25,634	2,675,552	16,490	1,559,960	381,577	423,701
AUSTRALIA	1.58	20,129	2,100,905	186,102	17,605,268	20,129	2,100,905	183,341	17,344,029	0	0	2,761	261,239	23,535	26,296
AUSTRIA	0.79	0	0	93,051	8,802,634	0	0	93,051	8,802,634	0	0	0	0	0	0
AZERBAIJAN	0.23	21,691	2,263,928	27,091	2,562,792	0	0	0	0	21,691	2,263,928	27,091	2,562,792	434,839	483,621
BAHAMAS	0.02	3,146	328,326	2,356	222,851	1	118	0	0	3,145	328,208	2,356	222,851	49,646	55,147
BAHRAIN	0.03	0	0	3,534	334,277	0	0	3,534	334,277	0	0	0	0	0	0
BANGLADESH	0.01	1,706	178,080	1,178	111,426	4	463	0	0	1,702	177,617	1,178	111,426	26,040	28,920
BARBADOS	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
BELARUS	0.50	45,235	4,721,395	58,893	5,571,287	0	0	0	0	45,235	4,721,395	58,893	5,571,287	927,269	1,031,397
BELGIUM	1.11	0	0	130,742	12,368,258	0	0	130,742	12,368,258	0	0	0	0	0	0
BELIZE	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
BENIN	0.01	0	0	1,178	111,426	0	0	126	11,906	0	0	1,052	99,520	8,966	10,018
BHUTAN	0.01	0	0	1,178	111,426	0	0	131	12,468	0	0	1,047	98,958	8,915	9,962
BOLIVIA	0.01	4,261	205,812	1,178	111,426	21	0	0	0	4,240	205,812	1,178	111,426	28,580	33,998
BOSNIA AND HERZEGOVINA	0.04	7,888	823,246	4,711	445,703	0	0	0	0	7,888	823,246	4,711	445,703	114,319	126,918
BOTSWANA	0.01	1,776	185,385	1,178	111,426	2	226	0	0	1,774	185,159	1,178	111,426	28,719	29,671
BRAZIL	1.87	155,779	16,259,119	186,703	18,608,100	155,779	16,259,119	11,792	1,115,531	0	0	184,911	17,492,569	1,575,907	1,760,818
BULGARIA	0.14	12,817	1,337,776	16,490	1,559,960	0	0	0	0	12,817	1,337,776	16,490	1,559,960	261,067	290,364
BURKINA FASO	0.01	41,277	205,812	1,178	111,426	0	0	0	0	41,277	205,812	1,178	111,426	28,580	71,035

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994					TOTAL
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(RoE 11.10)	
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
BURUNDI	0.01	1,149	119,876	1,178	111,426	2	226	0	0	1,147	119,650	1,178	111,426	20,817	23,142
CAMEROON	0.01	2,171	205,812	1,178	111,426	2,171	205,812	1,178	111,426	0	0	0	0	0	0
CAPE VERDE	0.01	10,714	205,812	1,178	111,426	21	0	0	0	10,693	205,812	1,178	111,426	28,580	40,451
CENTRAL AFRICAN REPUBLIC	0.01	26,676	205,812	1,178	111,426	8	0	0	0	26,668	205,812	1,178	111,426	28,580	56,426
CHAD	0.01	10,724	205,812	1,178	111,426	0	0	0	0	10,724	205,812	1,178	111,426	28,580	40,482
CHILE	0.08	14,963	1,567,599	9,423	891,406	7,649	735,650	0	0	7,314	825,949	9,423	891,406	154,716	172,053
CHINA	0.81	0	0	95,407	9,025,486	0	0	95,407	9,025,486	0	0	0	0	0	0
COLOMBIA	0.14	0	0	16,490	1,559,960	0	0	16,351	1,546,773	0	0	139	13,187	1,188	1,327
COMO OS	0.01	46,416	205,812	1,178	111,426	0	0	0	0	46,416	205,812	1,178	111,426	28,580	76,177
CONGO	0.01	21,357	205,812	1,178	111,426	21	0	0	0	21,336	205,812	1,178	111,426	28,580	51,094
COSTA RICA	0.01	42,871	205,812	1,178	111,426	7	0	0	0	42,864	205,812	1,178	111,426	28,580	72,622
COTE D'IVOIRE	0.02	0	0	2,356	222,851	0	0	442	41,776	0	0	1,914	181,075	16,313	18,227
CROATIA	0.14	25,634	2,675,552	16,490	1,559,960	0	0	0	0	25,634	2,675,552	16,490	1,559,960	381,577	423,701
CUBA	0.10	16,907	1,763,254	11,779	1,114,257	9,278	962,482	0	0	7,622	795,472	11,779	1,114,257	112,048	191,449
CYPRUS	0.02	0	0	2,356	222,851	0	0	2,356	222,851	0	0	0	0	0	0
CZECH REPUBLIC	0.44	4,930	514,534	51,826	4,902,733	4,930	514,534	51,826	4,902,733	0	0	0	0	0	0
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.05	31,267	1,029,068	5,889	551,129	117	0	0	0	31,150	1,029,068	5,889	551,129	142,900	179,949
DENMARK	0.68	0	0	80,094	7,576,961	0	0	80,094	7,576,961	0	0	0	0	0	0
DJIBOUTI	0.01	10,724	205,812	1,178	111,426	10	0	0	0	10,714	205,812	1,178	111,426	28,580	40,472
DOMINICA	0.01	1,777	185,390	1,178	111,426	2	206	0	0	1,775	185,184	1,178	111,426	26,720	29,673
DOMINICAN REPUBLIC	0.02	137,276	411,624	2,356	222,851	0	0	0	0	137,276	411,624	2,356	222,851	57,161	196,793
ECUADOR	0.03	43,336	617,434	3,534	334,277	30,975	0	0	0	12,411	617,434	3,534	334,277	85,730	101,684
EGYPT	0.07	0	0	8,245	779,940	0	0	1	68	0	0	8,208	779,940	70,008	78,353

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994					TOTAL
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(Rule 11.10)	
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
EL SALVADOR	0.01	34,806	205,812	1,178	111,426	0	0	0	0	34,806	205,812	1,178	111,426	28,580	64,594
EQUATORIAL GUINEA	0.01	46,416	205,812	1,178	111,426	0	0	0	0	46,416	205,812	1,178	111,426	28,580	76,174
ETHIOPIA	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
FIJI	0.01	16,014	205,812	1,178	111,426	8	0	0	0	16,006	205,812	1,178	111,426	28,580	45,824
FINLAND	0.60	0	0	70,672	6,686,545	0	0	70,672	6,686,545	0	0	0	0	0	0
FRANCE	6.29	0	0	740,874	70,086,706	0	0	740,874	70,086,706	0	0	0	0	0	0
GABON	0.02	52,385	411,624	2,356	222,851	16,463	0	0	0	52,382	411,624	2,356	222,851	57,162	33,419
GAMBIA	0.01	46,416	205,812	1,178	111,426	0	0	0	0	46,416	205,812	1,178	111,426	28,580	76,174
GEORGIA	0.22	41,415	4,322,044	25,313	2,851,366	0	0	0	0	41,415	4,322,044	25,313	2,851,366	670,218	677,547
GERMANY	9.37	0	0	1,103,655	104,405,927	0	0	1,103,655	104,405,927	0	0	0	0	0	0
GHANA	0.01	0	0	1,178	111,426	0	0	13	1,288	0	0	1,165	110,137	3,522	11,087
GREECE	0.37	0	0	43,581	4,122,753	0	0	42,877	4,056,704	0	0	704	66,049	5,386	6,699
GRENADA	0.01	29,938	205,812	1,178	111,426	7,884	0	0	0	22,054	205,812	1,178	111,426	28,580	57,812
GUATEMALA	0.02	45,680	411,624	2,356	222,851	43	0	0	0	45,637	411,624	2,356	222,851	57,162	76,174
GUINEA	0.01	7,875	195,672	1,178	111,426	2	226	0	0	7,873	195,446	1,178	111,426	27,640	32,697
GUINEA-BISSAU	0.01	31,414	205,812	1,178	111,426	31	0	0	0	31,383	205,812	1,178	111,426	28,580	61,151
GUYANA	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
HAITI	0.01	41,681	205,812	1,178	111,426	31	0	0	0	41,680	205,812	1,178	111,426	28,580	71,418
HONDURAS	0.01	20,112	205,812	1,178	111,426	4,815	0	0	0	15,297	205,812	1,178	111,426	28,580	45,055
HUNGARY	0.19	0	0	22,379	2,111,089	0	0	22,379	2,111,089	0	0	0	0	0	0
INDIA	0.38	0	0	44,755	4,234,178	0	0	41,536	3,967,026	0	0	2,624	267,152	24,068	26,892
INDONESIA	0.17	0	0	20,024	1,894,238	0	0	20,024	1,894,238	0	0	0	0	0	0
IRAN (ISLAMIC REPUBLIC OF)	0.81	97,438	10,169,659	95,407	9,025,486	64,869	6,770,531	0	0	32,567	3,399,128	95,407	9,025,486	1,119,336	1,247,309
IRAQ	0.14	130,768	2,675,552	16,490	1,559,960	0	0	0	0	130,768	2,675,552	16,490	1,559,960	281,577	528,852

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994					
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(Rule 11.10)	T O T A L
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
IRELAND	0.19	0	0	22,319	2,117,089	0	0	22,319	2,117,089	0	0	0	0	0	0
ISRAEL	0.24	2,655	217,073	28,269	2,674,218	2,655	217,073	28,269	2,674,218	0	0	0	0	0	0
ITALY	4.50	0	0	530,037	50,141,587	0	0	440,366	41,658,675	0	0	89,671	8,482,912	764,226	853,897
JAMAICA	0.01	17,043	205,812	1,178	111,426	16,334	131,806	0	0	709	74,006	1,178	111,426	16,705	19,542
JAPAN	13.06	0	0	1,538,286	145,522,029	0	0	0	0	0	0	1,538,286	145,522,029	13,110,093	14,648,378
JORDAN	0.01	25,793	205,812	1,178	111,426	21	0	0	0	25,772	205,812	1,178	111,426	28,580	55,470
KENYA	0.01	10,714	205,812	1,178	111,426	21	0	0	0	10,693	205,812	1,178	111,426	28,580	40,861
KUWAIT	0.26	57	5,960	30,624	2,897,069	57	5,960	30,624	2,897,069	0	0	0	0	0	0
KYRGYZSTAN	0.06	5,916	617,426	7,067	668,554	0	0	0	0	5,916	617,426	7,067	668,554	115,869	109,838
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.01	975	101,784	1,178	111,426	2	226	0	0	973	101,558	1,178	111,426	19,181	31,328
LEBANON	0.01	10,714	205,812	1,178	111,426	10,714	205,812	1,178	111,426	0	0	0	0	0	0
LESOTHO	0.01	0	0	1,178	111,426	0	0	0	224	0	0	1,178	111,202	10,019	11,794
LIBERIA	0.01	19,476	205,812	1,178	111,426	0	0	0	0	19,476	205,812	1,178	111,426	28,580	49,258
LIBYAN ARAB JAMAHIRIYA	0.25	245,174	4,939,480	29,440	2,785,644	0	0	0	0	245,174	4,939,480	29,440	2,785,644	640,953	970,577
LITHUANIA	0.16	10,941	2,087,174	18,840	1,782,812	0	0	0	0	10,941	2,087,174	18,840	1,782,812	438,738	528,525
LUXEMBOURG	0.06	0	0	7,067	668,554	0	0	7,067	668,554	0	0	0	0	0	0
MADAGASCAR	0.01	1,728	182,307	1,178	111,426	2	226	0	0	1,726	182,081	1,178	111,426	20,252	29,198
MALAWI	0.01	58	6,086	1,178	111,426	2	226	0	0	56	5,860	1,178	111,426	10,566	11,832
MALAYSIA	0.13	11,831	1,234,870	15,312	1,448,535	11,754	1,227,426	0	0	10	7,469	15,312	1,448,535	132,172	140,556
MALDIVES	0.01	1,972	205,812	1,178	111,426	1,972	205,812	1,178	111,426	0	0	0	0	0	0
MALI	0.01	46,416	205,812	1,178	111,426	0	0	0	0	46,416	205,812	1,178	111,426	28,580	76,174
MALTA	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
MAURITANIA	0.01	28,918	205,812	1,178	111,426	21	0	0	0	28,897	205,812	1,178	111,426	28,580	58,885

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994					
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		Pub. 11.10	TOTAL
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
MAURITIUS	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
MEXICO	0.92	0	0	108,363	10,251,169	0	0	78,351	7,441,830	0	0	30,906	2,759,275	284,602	318,216
MONGOLIA	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
MOROCCO	0.03	2,958	326,717	3,534	334,277	2,958	326,717	3,534	334,277	0	0	0	0	0	0
MOZAMBIQUE	0.01	1,874	195,565	1,178	111,426	884	92,292	0	0	990	103,317	1,178	111,426	19,886	21,819
MYANMAR	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
NAMIBIA	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
NEPAL	0.01	1,769	184,588	1,178	111,426	285	29,771	0	0	1,484	154,817	1,178	111,426	23,986	26,646
NETHERLANDS	1.57	0	0	184,974	17,493,843	0	0	184,974	17,493,843	0	0	0	0	0	0
NEW ZEALAND	0.25	0	0	29,446	2,785,644	0	0	29,446	2,785,644	0	0	0	0	0	0
NICARAGUA	0.01	46,416	205,812	1,178	111,426	0	0	0	0	46,416	205,812	1,178	111,426	28,580	76,174
NIGER	0.01	10,745	205,812	1,178	111,426	21	0	0	0	10,724	205,812	1,178	111,426	28,580	40,482
NIGERIA	0.21	25,349	2,645,729	24,735	2,339,941	0	0	0	0	25,349	2,645,729	24,735	2,339,941	449,159	499,243
NORWAY	0.58	0	0	68,316	6,462,693	0	0	68,316	6,462,693	0	0	0	0	0	0
OMAN	0.03	0	0	3,534	334,277	0	0	3,534	334,277	0	0	0	0	0	0
PAKISTAN	0.06	6,027	629,049	7,067	668,554	5,475	571,453	0	0	552	57,596	7,067	668,554	65,419	73,038
PANAMA	0.02	29,550	411,624	2,356	222,851	29,550	411,624	186	17,484	0	0	2,171	205,367	18,502	20,673
PAPUA NEW GUINEA	0.01	1,895	197,734	1,178	111,426	1	86	0	0	1,894	197,648	1,178	111,426	27,844	30,916
PARAGUAY	0.02	64,382	411,624	2,356	222,851	46	0	0	0	64,336	411,624	2,356	222,851	57,161	123,853
PERU	0.06	11,851	1,215,968	7,067	668,554	15	1,571	0	0	11,636	1,214,397	7,067	668,554	169,635	185,338
PHILIPPINES	0.07	5,222	544,984	8,245	779,980	5,222	544,984	8,245	779,980	0	0	0	0	0	0
POLAND	0.49	0	0	57,715	5,459,862	0	0	57,715	5,459,862		0	0	0	0	0
PORTUGAL	0.21	0	0	24,735	2,339,941	0	0	11,015	1,041,981		0	13,720	1,297,960	116,533	130,653
QATAR	0.05	4,848	506,016	5,889	557,129	4,848	506,016	5,889	557,129	0	0	0	0	0	0
REPUBLIC OF KOREA	0.72	67,298	7,024,102	84,808	8,022,654	66,979	6,990,785	0	0	319	33,317	84,808	8,022,654	725,764	810,889

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994					
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(Rule 11.10)	TOTAL
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
REPUBLIC OF MOLDOVA	0.16	14,789	1,543,587	18,846	1,782,812	0	0	0	0	14,789	1,543,587	18,846	1,782,812	299,676	333,311
ROMANIA	0.18	33,522	3,498,779	21,201	2,005,663	16,753	1,748,499	0	0	16,769	1,750,280	21,201	2,005,663	338,373	376,343
RUSSIAN FEDERATION	7.04	1,363,119	142,272,559	829,213	78,443,728	867,425	90,535,549	0	0	495,694	51,737,010	829,213	78,443,728	11,727,995	13,052,902
RWANDA	0.01	861	89,874	1,178	111,426	2	226	0	0	859	89,648	1,178	111,426	18,114	20,151
SAINT KITTS AND NEVIS	0.01	27,316	205,812	1,178	111,426	10,021	0	0	0	17,295	205,812	1,178	111,426	28,580	47,053
SAINT LUCIA	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
SAINT VINCENT AND THE GRENADINES	0.01	26,204	205,812	1,178	111,426	8	0	0	0	26,196	205,812	1,178	111,426	28,580	55,954
SAO TOME AND PRINCIPE	0.01	46,416	205,812	1,178	111,426	0	0	0	0	46,416	205,812	1,178	111,426	28,580	76,174
SAUDI ARABIA	1.01	0	0	118,984	11,254,001	0	0	0	0	0	0	118,984	11,254,001	1,013,874	1,137,838
SENEGAL	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
SEYCHELLES	0.01	21,117	205,812	1,178	111,426	21	0	0	0	21,096	205,812	1,178	111,426	28,580	50,854
SIERRA LEONE	0.01	37,112	205,812	1,178	111,426	21	0	0	0	37,091	205,812	1,178	111,426	28,580	66,849
SLOVAKIA	0.14	0	0	16,490	1,559,960	0	0	6,597	624,045	0	0	9,893	935,915	64,317	94,210
SLOVENIA	0.10	0	0	11,779	1,114,257	0	0	0	0	0	0	11,779	1,114,257	100,384	112,163
SOMALIA	0.01	46,416	205,812	1,178	111,426	0	0	0	0	46,416	205,812	1,178	111,426	28,580	76,174
SPAIN	2.08	193,245	20,169,540	244,995	23,176,556	193,245	20,169,540	244,995	23,176,556	0	0	0	0	0	0
SRI LANKA	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
SUDAN	0.01	1,914	199,715	1,178	111,426	2	226	0	0	1,912	199,489	1,178	111,426	28,010	31,100
SURINAME	0.01	46,416	205,812	1,178	111,426	39,108	0	0	0	7,308	205,812	1,178	111,426	28,580	37,068
SWAZILAND	0.01	0	0	1,178	111,426	0	0	1,178	111,426	0	0	0	0	0	0
SWEDEN	1.16	0	0	136,632	12,925,381	0	0	136,632	12,925,381	0	0	0	0	0	0
SWITZERLAND	1.22	0	0	143,699	13,593,941	0	0	143,699	13,593,941	0	0	0	0	0	0
SYRIAN ARAB REPUBLIC	0.04	7,888	823,246	4,711	445,703	9	915	0	0	7,879	822,331	4,711	445,703	114,237	126,827

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994				(Col.11.10)	TOTAL
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year			
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
TAJIKISTAN	0.05	4,930	514,529	5,889	557,129	0	0	0	0	4,930	514,529	5,889	557,129	96,549	167,393
THAILAND	0.12	0	0	14,134	1,337,109	0	0	14,134	1,337,109	0	0	0	0	0	0
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	0.02	1,972	205,812	2,356	222,851	0	0	0	0	1,972	205,812	2,356	222,851	36,619	42,947
TOGO	0.01	993	103,622	1,178	111,426	2	226	0	0	991	103,396	1,178	111,426	19,253	21,522
TONGA	0.01	1,283	133,860	1,178	111,426	873	91,106	0	0	410	42,754	1,178	111,426	13,890	15,478
TRINIDAD AND TOBAGO	0.05	8,994	938,720	5,889	557,129	9	958	0	0	8,985	937,762	5,889	557,129	134,675	149,549
TUNISIA	0.03	0	0	3,534	334,277	0	0	7	682	0	0	3,527	333,595	30,054	33,581
TURKEY	0.28	0	0	32,980	3,119,921	0	0	3,767	356,394	0	0	29,213	2,763,527	248,988	278,170
UGANDA	0.01	1,857	193,836	1,178	111,426	867	90,520	0	0	990	103,296	1,178	111,426	19,343	21,511
UKRAINE	1.98	429,048	24,079,960	230,861	21,839,447	0	0	0	0	429,048	24,079,960	230,861	21,839,447	4,136,884	4,196,793
UNITED ARAB EMIRATES	0.22	508,993	4,322,044	25,913	2,451,366	0	0	0	0	508,993	4,322,044	25,913	2,451,366	610,218	1,143,124
UNITED KINGDOM	5.26	0	0	619,554	58,609,944	0	0	619,554	58,609,944	0	0	0	0	0	0
UNITED REPUBLIC OF TANZANIA	0.01	8,366	205,812	1,178	111,426	4,586	19,996	0	0	3,780	185,816	1,178	111,426	26,778	29,736
UNITED STATES OF AMERICA	25.00	817,726	85,348,380	2,944,650	278,564,374	5,503	574,378	0	0	812,223	84,774,002	2,944,650	278,564,374	32,733,187	36,490,090
URUGUAY	0.04	7,305	762,856	4,711	445,703	9	915	0	0	7,296	761,941	4,711	445,703	108,798	120,807
VANUATU	0.01	1,782	186,027	1,178	111,426	1	86	0	0	1,781	185,941	1,178	111,426	26,791	29,789
VENEZUELA	0.51	95,724	9,990,998	60,071	5,682,713	0	0	0	0	95,724	9,990,998	60,071	5,682,713	1,412,046	1,567,841
VIET NAM	0.01	0	0	1,178	111,426	0	0	145	13,748	0	0	1,033	97,678	8,806	9,833
YEMEN	0.01	63,668	205,812	1,178	111,426	43	0	0	0	63,625	205,812	1,178	111,426	28,580	93,363
YUGOSLAVIA	0.16	785,013	3,087,174	17,668	1,671,386	85	0	0	0	784,928	3,087,174	17,668	1,671,386	428,699	1,231,295
ZAIRE	0.01	20,521	205,812	1,178	111,426	21	0	0	0	20,500	205,812	1,178	111,426	28,580	50,258
ZAMBIA	0.01	10,579	205,812	1,178	111,426	2,806	0	0	0	7,773	205,812	1,178	111,426	28,580	37,531

Annex I (cont.)

Member State	Scale of assessment (percentage)		Contributions Payable as of 1 January 1994				Credits and Collections in 1994				Contributions Outstanding as of 31 August 1994					TOTAL
			Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(Rpt. 11.10)	
			Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
IMBABWE	0.01		1,077	112,436	1,178	111,426	4	463	0	0	1,073	111,973	1,178	111,426	20,126	22,377
ub-Total 1 (166 States)	100.00	86-	63,382	0	0	0	5,656	0	0	0	57,726	0	0	0	0	57,726
		87-	79,562	0	0	0	5,966	0	0	0	73,596	0	0	0	0	73,596
		88-	135,488	0	0	0	10,707	0	0	0	124,781	0	0	0	0	124,781
		89-	340,206	0	0	0	21,294	0	0	0	318,912	0	0	0	0	318,912
		90-	878,716	0	0	0	59,292	0	0	0	819,424	0	0	0	0	819,424
		91-	1,612,193	0	0	0	65,756	0	0	0	1,546,437	0	0	0	0	1,546,437
		92-	1,006,319	105,031,636	0	0	601,093	62,737,866	0	0	405,226	42,293,770	0	0	3,810,255	4,215,481
		93-	2,789,919	291,191,007	0	0	858,122	89,564,560	0	0	1,931,797	201,626,447	0	0	18,164,557	20,096,354
		94-	0	0	11,778,614	1,114,267,501	0	0	4,896,518	463,211,123	0	0	6,882,096	651,046,378	58,652,809	65,534,905
		T-	6,905,785	396,222,643	11,778,614	1,114,267,501	1,627,886	152,302,426	4,896,518	463,211,123	5,277,899	243,920,217	6,882,096	651,046,378	80,627,621	92,787,616
EPUBLIC OF UZBEKISTAN	0.26		0	0	30,624	2,897,069	0	0	0	0	0	0	30,624	2,897,069	260,997	291,621
ub-Total 2 (166 States)	0.26	94-	0	0	30,624	2,897,069	0	0	0	0	0	0	30,624	2,897,069	260,997	291,621
		T-	0	0	30,624	2,897,069	0	0	0	0	0	0	30,624	2,897,069	260,997	291,621
OTAL (166 States)	100.26	86-	63,382	0	0	0	5,656	0	0	0	57,726	0	0	0	0	57,726
		87-	79,562	0	0	0	5,966	0	0	0	73,596	0	0	0	0	73,596
		88-	135,488	0	0	0	10,707	0	0	0	124,781	0	0	0	0	124,781
		89-	340,206	0	0	0	21,294	0	0	0	318,912	0	0	0	0	318,912
		90-	878,716	0	0	0	59,292	0	0	0	819,424	0	0	0	0	819,424
		91-	1,612,193	0	0	0	65,756	0	0	0	1,546,437	0	0	0	0	1,546,437
		92-	1,006,319	105,031,636	0	0	601,093	62,737,866	0	0	405,226	42,293,770	0	0	3,810,255	4,215,481
		93-	2,789,919	291,191,007	0	0	858,122	89,564,560	0	0	1,931,797	201,626,447	0	0	18,164,557	20,096,354
		94-	0	0	11,809,238	1,117,164,570	0	0	4,896,518	463,211,123	0	0	6,912,720	653,943,447	58,913,806	65,826,526
		T-	6,905,785	396,222,643	11,809,238	1,117,164,570	1,627,886	152,302,426	4,896,518	463,211,123	5,277,899	243,920,217	6,912,720	653,943,447	80,888,618	93,079,237

Annex II

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS OF 31 AUGUST 1994

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1993	Collections in 1994	Amount outstanding to date
AFGHANISTAN	0.01	900	900	0	0
ALBANIA	0.01	900	900	0	0
ALGERIA	0.17	15,300	14,400	900	0
ANGOLA	0.01	900	900	0	0
ARGENTINA	0.60	54,000	50,400	1,336	2,264
ARMENIA	0.14	12,600	0	0	12,600
AUSTRALIA	1.58	142,200	135,000	7,200	0
AUSTRIA	0.79	71,100	66,600	4,500	0
AZERBAIJAN	0.23	20,700	0	0	20,700
BAHAMAS	0.02	1,800	1,800	0	0
BAHRAIN	0.03	2,700	2,700	0	0
BANGLADESH	0.01	900	900	0	0
BARBADOS	0.01	900	900	0	0
BELARUS	0.50	45,000	27,900	726	16,374
BELGIUM	1.11	99,900	94,500	5,400	0
BELIZE	0.01	900	900	0	0
BENIN	0.01	900	900	0	0
BHUTAN	0.01	900	900	0	0
BOLIVIA	0.01	900	900	0	0
BOSNIA AND HERZEGOVINA	0.04	3,600	0	0	3,600
BOTSWANA	0.01	900	900	0	0
BRAZIL	1.67	150,300	142,200	8,100	0
BULGARIA	0.14	12,600	11,700	338	562
BURKINA FASO	0.01	900	600	21	279
BURUNDI	0.01	900	900	0	0

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1993	Collections in 1994	Amount outstanding to date
CAMEROON	0.01	900	900	0	0
CAPE VERDE	0.01	900	900	0	0
CENTRAL AFRICAN REPUBLIC	0.01	900	900	0	0
CHAD	0.01	900	0	0	900
CHILE	0.08	7,200	7,200	0	0
CHINA	0.81	72,900	68,400	4,500	0
COLOMBIA	0.14	12,600	11,700	900	0
COMOROS	0.01	900	0	8	892
CONGO	0.01	900	900	0	0
COSTA RICA	0.01	900	900	0	0
COTE D'IVOIRE	0.02	1,800	1,800	0	0
CROATIA	0.14	12,600	0	0	12,600
CUBA	0.10	9,000	8,100	900	0
CYPRUS	0.02	1,800	1,800	0	0
CZECH REPUBLIC	0.44	39,600	37,800	1,800	0
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.05	4,500	4,500	0	0
DENMARK	0.68	61,200	57,600	3,600	0
DJIBOUTI	0.01	900	0	900	0
DOMINICA	0.01	900	900	0	0
DOMINICAN REPUBLIC	0.02	1,800	0	64	1,736
ECUADOR	0.03	2,700	2,700	0	0
EGYPT	0.07	6,300	6,300	0	0
EL SALVADOR	0.01	900	0	3	897
EQUATORIAL GUINEA	0.01	900	0	8	892
ETHIOPIA	0.01	900	900	0	0
FIJI	0.01	900	900	0	0
FINLAND	0.60	54,000	50,400	3,600	0

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1993	Collections in 1994	Amount outstanding to date
FRANCE	6.29	566,100	536,400	29,700	0
GABON	0.02	1,800	1,800	0	0
GAMBIA	0.01	900	0	8	892
GEORGIA	0.22	19,800	0	0	19,800
GERMANY	9.37	843,300	798,300	45,000	0
GHANA	0.01	900	900	0	0
GREECE	0.37	33,300	31,500	1,800	0
GRENADA	0.01	900	900	0	0
GUATEMALA	0.02	1,800	1,800	0	0
GUINEA	0.01	900	900	0	0
GUINEA-BISSAU	0.01	900	900	0	0
GUYANA	0.01	900	900	0	0
HAITI	0.01	900	900	0	0
HONDURAS	0.01	900	900	0	0
HUNGARY	0.19	17,100	16,200	900	0
INDIA	0.38	34,200	32,400	1,800	0
INDONESIA	0.17	15,300	14,400	900	0
IRAN (ISLAMIC REPUBLIC OF)	0.81	72,900	68,400	4,500	0
IRAQ	0.14	12,600	10,800	256	1,544
IRELAND	0.19	17,100	16,200	900	0
ISRAEL	0.24	21,600	20,700	900	0
ITALY	4.50	405,000	383,400	21,600	0
JAMAICA	0.01	900	900	0	0
JAPAN	13.06	1,175,400	1,112,400	23,241	39,759
JORDAN	0.01	900	900	0	0
KENYA	0.01	900	900	0	0
KUWAIT	0.26	23,400	22,500	900	0
KYRGYZSTAN	0.06	5,400	0	0	5,400

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1993	Collections in 1994	Amount outstanding to date
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.01	900	900	0	0
LEBANON	0.01	900	900	0	0
LESOTHO	0.01	900	900	0	0
LIBERIA	0.01	900	900	0	0
LIBYAN ARAB JAMAHIRIYA	0.25	22,500	21,600	562	338
LITHUANIA	0.16	14,400	13,500	0	900
LUXEMBOURG	0.06	5,400	5,400	0	0
MADAGASCAR	0.01	900	900	0	0
MALAWI	0.01	900	900	0	0
MALAYSIA	0.13	11,700	10,800	900	0
MALDIVES	0.01	900	900	0	0
MALI	0.01	900	0	21	879
MALTA	0.01	900	900	0	0
MAURITANIA	0.01	900	900	0	0
MAURITIUS	0.01	900	900	0	0
MEXICO	0.92	82,800	78,300	4,500	0
MONGOLIA	0.01	900	900	0	0
MOROCCO	0.03	2,700	2,700	0	0
MOZAMBIQUE	0.01	900	900	0	0
MYANMAR	0.01	900	900	0	0
NAMIBIA	0.01	900	900	0	0
NEPAL	0.01	900	900	0	0
NETHERLANDS	1.57	141,300	134,100	7,200	0
NEW ZEALAND	0.25	22,500	21,600	900	0
NICARAGUA	0.01	900	0	21	879
NIGER	0.01	900	900	0	0
NIGERIA	0.21	18,900	18,000	409	491

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1993	Collections in 1994	Amount outstanding to date
NORWAY	0.58	52,200	49,500	2,700	0
OMAN	0.03	2,700	2,700	0	0
PAKISTAN	0.06	5,400	5,400	0	0
PANAMA	0.02	1,800	1,800	0	0
PAPUA NEW GUINEA	0.01	900	900	0	0
PARAGUAY	0.02	1,800	1,800	0	0
PERU	0.06	5,400	5,400	0	0
PHILIPPINES	0.07	6,300	6,300	0	0
POLAND	0.49	44,100	42,300	1,800	0
PORTUGAL	0.21	18,900	18,000	900	0
QATAR	0.05	4,500	4,500	0	0
REPUBLIC OF KOREA	0.72	64,800	61,200	3,600	0
REPUBLIC OF MOLDOVA	0.16	14,400	0	0	14,400
ROMANIA	0.18	16,200	15,300	900	0
RUSSIAN FEDERATION	7.04	633,600	753,300	-119,700	0
RWANDA	0.01	900	900	0	0
SAINT KITTS AND NEVIS	0.01	900	900	0	0
SAINT LUCIA	0.01	900	900	0	0
SAINT VINCENT AND THE GRENADINES	0.01	900	900	0	0
SAO TOME AND PRINCIPE	0.01	900	0	8	892
SAUDI ARABIA	1.01	90,900	85,500	2,074	3,326
SENEGAL	0.01	900	900	0	0
SEYCHELLES	0.01	900	900	0	0
SIERRA LEONE	0.01	900	900	0	0
SLOVAKIA	0.14	12,600	11,700	900	0
SLOVENIA	0.10	9,000	8,100	0	900
SOMALIA	0.01	900	0	21	879
SPAIN	2.08	187,200	176,400	10,800	0

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1985-1993	Collections in 1994	Amount outstanding to date
SRI LANKA	0.01	900	900	0	0
SUDAN	0.01	900	900	0	0
SURINAME	0.01	900	0	900	0
SWAZILAND	0.01	900	900	0	0
SWEDEN	1.16	104,400	99,000	5,400	0
SWITZERLAND	1.22	109,800	103,500	6,300	0
SYRIAN ARAB REPUBLIC	0.04	3,600	3,600	0	0
TAJIKISTAN	0.05	4,500	0	0	4,500
THAILAND	0.12	10,800	9,900	900	0
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	0.02	1,800	0	0	1,800
TOGO	0.01	900	900	0	0
TONGA	0.01	900	900	0	0
TRINIDAD AND TOBAGO	0.05	4,500	4,500	0	0
TUNISIA	0.03	2,700	2,700	0	0
TURKEY	0.28	25,200	24,300	900	0
UGANDA	0.01	900	900	0	0
UKRAINE	1.96	176,400	105,300	2,711	68,389
UNITED ARAB EMIRATES	0.22	19,800	18,900	388	512
UNITED KINGDOM	5.26	473,400	448,200	25,200	0
UNITED REPUBLIC OF TANZANIA	0.01	900	900	0	0
UNITED STATES OF AMERICA	25.00	2,250,000	2,250,000	0	0
URUGUAY	0.04	3,600	3,600	0	0
VANUATU	0.01	900	900	0	0
VENEZUELA	0.51	45,900	44,100	1,270	530
VIET NAM	0.01	900	900	0	0
YEMEN	0.01	900	900	0	0
YUGOSLAVIA	0.15	13,500	12,600	900	0

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1993	Collections in 1994	Amount outstanding to date
ZAIRE	0.01	900	900	0	0
ZAMBIA	0.01	900	900	0	0
ZIMBABWE	0.01	900	900	0	0
Sub-total (165 States)	**100.00**	**9,000,000**	**8,618,100**	**140,594**	**241,306**
REPUBLIC OF UZBEKISTAN	0.26	23,400	0	0	23,400
Sub-total (1 States)	**0.26**	**23,400**	**0**	**0**	**23,400**
T O T A L (166 States)	**100.26**	**9,023,400**	**8,618,100**	**140,594**	**264,706**

Annex III

CASH FLOW ANALYSIS FOR 1994 AND 1995

Table 1. Cash Flow Analysis for 1994, as of 31 August 1994

General Fund and Working Capital Fund

(In millions of United States dollars) a/

1994	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Opening cash b/	16.5	10.4	13.0	19.8	22.2	19.4	22.9	16.1	13.3	19.5	10.3	29.0
Revaluation c/	0.0	0.0	0.0	0.1	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Net opening cash	16.5	10.4	13.0	19.9	22.2	19.4	23.4	16.1	13.3	19.5	10.3	29.0
Contribution income d/												
1990-1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1992-1993	1.7	0.3	0.2	2.7	0.2	3.7	0.1	3.7	0.1	0.1	8.5	0.1
1994	2.3	8.3	15.5	7.6	5.4	5.0	0.5	1.4	16.0	0.3	19.7	0.1
Budgeted income e/	0.1	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.1	0.1
Other income f/												
Cost reimbursements	0.0	0.5	0.4	0.8	0.9	0.9	1.7	1.7	1.9	1.2	1.4	1.2
Income CM,GK	0.0	0.0	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Decrease in net receivables g/	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interfund h/	0.0	0.0	0.0	0.0	0.4	0.9	1.6	0.0	0.0	0.0	0.0	0.0
Total incoming cash	4.1	9.1	16.7	11.1	7.0	10.6	4.1	6.9	18.0	1.7	29.7	1.5
Budgeted disbursements i/												
Prior biennium	(3.7)	(0.5)	(1.5)	(1.1)	(0.8)	0.0	(0.1)	0.0	(1.0)	(0.5)	(0.4)	(0.4)
Current biennium	(6.5)	(6.0)	(6.1)	(6.3)	(6.5)	(5.8)	(7.9)	(7.6)	(9.3)	(9.2)	(9.4)	(9.6)
Other disbursements j/												
Cost reimbursements	0.0	0.0	(2.0)	(1.0)	(0.9)	(1.2)	(2.1)	(0.5)	(1.5)	(1.2)	(1.2)	(1.0)
United Nations loan	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0
Disbursements CM,GK	0.0	0.0	(0.3)	0.0	(0.2)	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0
Increase in net receivables g/	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interfund h/	0.0	0.0	0.0	(0.4)	(0.9)	(0.1)	0.0	(1.6)	0.0	0.0	0.0	0.0
Total outgoing cash	(10.2)	(6.5)	(9.9)	(8.8)	(9.8)	(7.1)	(11.4)	(9.7)	(11.8)	(10.9)	(11.0)	(11.0)
Closing cash k/	10.4	13.0	19.8	22.2	19.4	22.9	16.1	13.3	19.5	10.3	29.0	19.5
Liabilities other funds l/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)
Net closing cash m/	10.4	13.0	19.8	22.2	19.4	22.9	16.1	13.3	19.5	10.3	29.0	18.5
Unliquidated obligations at 31/12/94 (anticipated)												(9.0)
Surplus/(deficit) at 31/12/94												9.5

Annex III

Table 6. Cash Flow Analysis for 1995, as of 31 August 1994

General Fund and Working Capital Fund

(In millions of United States dollars) a/

1995	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Opening cash b/	19.5	13.5	14.6	22.3	20.2	19.4	16.2	22.1	14.4	5.9	(2.5)	17.2
Revaluation c/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net opening cash	19.5	13.5	14.6	22.3	20.2	19.4	16.2	22.1	14.4	5.9	(2.5)	17.2
Contribution income d/												
1992-1993	0.6	0.0	0.0	2.0	2.3	0.0	3.0	0.0	1.7	0.6	0.0	0.0
1994	0.1	0.3	0.0	1.4	0.1	0.1	0.1	0.1	0.1	0.1	12.7	0.1
1995	2.5	9.3	16.9	6.3	8.0	5.7	15.7	1.3	0.7	0.7	16.4	0.5
Budgeted income e/	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.1
Cost reimbursements	0.0	1.1	1.2	1.0	1.4	1.0	1.5	0.9	0.9	1.5	1.5	1.3
Other income f/												
Income CM,GK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decrease in net receivables g/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interfund h/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total incoming cash	3.3	10.8	18.2	10.7	11.9	6.9	20.4	2.4	3.4	3.0	30.6	2.0
Budgeted disbursements i/												
Current biennium	(8.7)	(8.7)	(9.0)	(9.3)	(9.1)	(9.1)	(9.5)	(9.1)	(9.0)	(9.5)	(9.4)	(8.9)
Cost reimbursements	0.0	(1.0)	(1.5)	(1.5)	(1.3)	(1.0)	(1.0)	(1.0)	(1.2)	(1.3)	(1.5)	(1.0)
Other disbursements j/												
United Nations loan	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0
Disbursements CM,GK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase in net receivables g/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interfund h/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total outgoing cash	(8.7)	(9.7)	(10.5)	(10.8)	(10.4)	(10.1)	(11.5)	(10.1)	(10.2)	(10.8)	(10.9)	(9.9)
Closing cash k/	14.1	14.6	22.3	22.2	21.7	16.2	25.1	14.4	7.6	(1.9)	17.2	9.3
Liabilities other funds, 1992-1993 surplus l/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.5)
	(0.6)	0.0	0.0	(2.0)	(2.3)	0.0	(3.0)	0.0	(1.7)	(0.6)	0.0	0.0
Net closing cash m/	13.5	14.6	22.3	20.2	19.4	16.2	22.1	14.4	5.9	(2.5)	17.2	8.8
Unliquidated obligations at 31/12/95 (anticipated)												(11.0)
Surplus/(deficit) at 31/12/95												(2.2)

Notes for annex III, cash flow analysis

a/ Based on exchange rate of US$1 = AS11.10 for the period September 1994 to December 1995.

b/ Opening cash - Shows actual cash available for September 1994 based on reconciled balances for RB XP and WC bank accounts and projections of cash available until the end 1995.

c/ Revaluation - Change in value of Austrian schilling accounts in dollar terms.

d/ Contribution income - Austrian schilling contributions are converted into the United States dollar equivalent at the applicable United Nations rate of exchange.

e/ Budgeted income - Includes interest earned on bank accounts and investments, income from sale of publications and other miscellaneous income, such as refunds of prior biennium expenditures. In 1995, includes cost reimbursement income.

f/ Other income - In 1994, includes payments from UNOV and IAEA for costs incurred on their behalf and income from CM and GK. In 1995, cost reimbursement income included under e/.

g/ Decrease/increase in net receivables - Net movement between accounts receivable and accounts payable.

h/ Interfund - Net cash movement between regular budget accounts and other accounts.

i/ Budgeted disbursements - Disbursements against regular budget and regular programme allotments.

j/ Other disbursements - Includes costs incurred on behalf of UNOV and IAEA, CM AND GK disbursements and the United Nations loan.

k/ Closing cash - Total cash in RB, XP and WC bank accounts.

l/ Liabilities other funds - Cash belonging to CM, GK and UNDCP.

m/ Net closing cash - Actual cash available in regular budget and Working Capital Fund.

Abbreviations

CM	Account code: UNIDO Computer Model for Feasibility Analysis and Reporting (COMFAR)
GK	Account code: garage administration
IAEA	International Atomic Energy Agency
RB	Account code: regular budget
UNDCP	United Nations International Drug Control Programme
UNOV	United Nations Office at Vienna
WC	Account code: working capital
XP	Account code: regular programme for technical cooperation

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Item 10 (a) of the provisional agenda

ADMINISTRATIVE MATTERS: JOINT INSPECTION UNIT

Activities of the Joint Inspection Unit in 1993 and first half of 1994 of relevance to UNIDO

Note by the Secretariat

Summary

Provides a list of reports prepared by the Joint Inspection Unit (JIU) during 1993 and the first half of 1994, as well as a summary of those reports of relevance to UNIDO and reflects the position of the Organization on those matters. Subjects covered are: working with non-overnmental organizations, specific development needs of small Member States, science and technology institutions in Africa, communication for development, national execution of projects, accountability and oversight, analysis of cost savings from JIU reports, common system of salaries, advancement of the status of women in the United Nations Secretariat, and a new performance appraisal system.

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Introduction

1. The Joint Inspection Unit (JIU) is, according to its statute which was accepted by UNIDO in Board decision IDB.1/Dec.22, a subsidiary organ of the legislative bodies of the organizations that accept its statute. The statute foresees that reports of JIU shall be submitted with the comments of the executive heads of the organizations concerned to the competent organs of those organizations. Moreover, the executive heads of organizations concerned are responsible for the expeditious implementation of recommendations made in the reports.

2. The General Assembly, in its resolution 48/221, considered and took note with appreciation of the activities of JIU for the period 1 July 1990 to 30 June 1993, and noted the preliminary work programme for JIU for 1994-1995 and beyond contained in document A/48/34. In the resolution, the General Assembly stressed the importance of timely substantive consideration of JIU reports by Member States and participating

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organizations and called upon the executive heads of those organizations to ensure that JIU recommendations approved by their governing bodies are implemented and to report thereon. Document A/48/34 and the reports of JIU are available at the Secretariat for consultation.

I. JOINT INSPECTION UNIT REPORTS COMPLETED

3. Since the issuance of the most recent document to the Board on the subject (IDB.11/12), the following reports of JIU have been prepared and circulated for consideration, comments and/or follow-up action:

(a) Working with NGOs: Operational activities for development of the United Nations system with non-governmental organizations and Governments at the grassroots and national levels (JIU/REP/93/1)*

(b) Decentralization of Organizations within the United Nations system, Part III: The World Health Organization (JIU/REP/93/2)*

(c) Relationship agreements between the United Nations and specialized agencies: review and strengthening of sections pertaining to the common system of salaries, allowances and conditions of services (JIU/REP/93/3)*

(d) A review of the specific development needs of small Member States and the responsiveness of the United Nations development system to these needs (JIU/REP/93/4)*

(e) Accountability and oversight in the United Nations Secretariat (JIU/REP/93/5)*

(f) Staff of the United Nations peace-keeping and related missions (civilian component) (JIU/REP/93/6)

(g) Analysis of cost savings from JIU reports, 1985-1992 (JIU/REP/93/7)*

(h) United Nations system support for science and technology in Africa (JIU/REP/94/1)*

(i) Regional presence of the International Telecommunications Union (JIU/REP/94/2)

(j) Advancement of the status of women in the United Nations Secretariat in an era of "Human Resource Management" and "Accountability": A new beginning? (JIU/REP/94/3)*

(k) Communication for development programmes in the United Nations system (JIU/REP/94/4)* 1/

(l) National execution of projects (JIU/REP/94/4)* 1/

(m) Toward a new system of performance appraisal in the United Nations Secretariat: requirements for successful implementation (JIU/REP/94/5)*

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* Indicates a report of direct relevance or interest to UNIDO.

1/ Two reports with the same symbol.

The Unit also issued a note entitled "An agenda for peace - some reflections on chapter IX - Financing" (JIU/NOTE/93/1).

II. REPORTS SUBMITTED BY THE JOINT INSPECTION UNIT OF DIRECT INTEREST TO UNIDO

A. Substantive and programmatic issues

Working with NGOs: Operational activities for development of the United Nations system with non-governmental organizations and Governments at the grassroots and national level (JIU/REP/93/1)

4. The report bears witness to the role which non-governmental organizations (NGOs) play in addressing current development issues and the resultant necessity to enhance cooperation between NGOs, Governments and international organizations. Objectives of NGOs are related to popular participation in development activities, which should lead to putting people first, and related topics of human resource development, capacity-building and poverty alleviation. The main premise of the report is that the country level is the central focus for operational partnership with NGOs. The report identifies aspects that offer advantages or could lead to potential frictions in dealing with NGOs and intends to stimulate a continuing debate on and action towards improving working relationships between the three parties.

5. The report employs a three-pronged approach that relates to: (a) the involvement of NGOs at the country level; (b) strategies at the regional and global level in support of country-level initiatives; and (c) the collaborative process itself. In recommendation 1, the Inspectors advise that executive heads of each organization with operational activities for development should consider the following basic steps to ensure greater involvement of NGOs: (a) increase NGO participation in the formulation, implementation and assessment of development programmes; (b) enable field representations to cooperate actively and effectively with NGOs through delegation of authority and decentralization; (c) adopt guidelines that enhance the understanding of field representations of the functioning of NGOs; (d) advise on approaches to encourage and facilitate the dialogue between Governments and NGOs; and (e) advise on the differences, similarities and changing relationship between Southern (developing country) and Northern (developed country) NGOs.

6. In recommendation 2, the Inspectors further suggest that international organizations should support these initiatives at the country level through the establishment of regional and global focal points: the former to ensure adequate coverage of countries where field representations are lacking, the latter to provide overall policies, guidance and publications for operational activities with NGOs. In addition to these institutional measures, it is recommended that NGOs be involved more actively in special regional and global conferences. Also, cooperation with the United Nations NGO Liaison Service should be improved. As to the collaborative process itself, it is proposed that international organizations should identify and support relevant NGO networks, establish information systems and foster information exchange, support capacity-building and training initiatives at the country level, and

seek to harmonize and simplify evaluation procedures and encourage participatory evaluation methodologies.

7. In their recommendations 4 and 5, the Inspectors addressed requests to the Administrative Committee on Coordination (ACC), the United Nations Development Programme (UNDP) and the United Nations. ACC was invited to take the lead in developing appropriate, harmonized and simplified guidance for funding, financial management and auditing processes. The importance of the field network of UNDP and its focus on national capacity-building and grassroots participation in development was highlighted, while the United Nations was asked to formulate procedures that could facilitate the participation of NGOs in, inter alia, global conferences.

8. UNIDO supports the view of JIU that NGOs are an important partner in the development process, in particular in the industrial sector where actors increasingly come from the non-governmental part of the economy. The role of local NGOs such as chambers of commerce and/or industry and business associations has become essential to UNIDO programmes in support of the development of the private sector. They act as counterparts in projects and participate in programmes that are directed at improving the dialogue between Governments and the private sector. Furthermore, their participation in the identification and planning of development programmes is secured through the application of the objectives-oriented project planning methodology. As to the collaboration with Northern NGOs, UNIDO aims to involve them in the industrialization process of developing countries through the contribution of additional resources both "in kind" and financial. Their representatives participate in expert group meetings and Consultations, sharing their knowledge and providing advice. A total of 100 international NGOs have consultative status with UNIDO, participate in the sessions of the General Conference and the Industrial Development Board, other relevant conferences and Consultation meetings.

A review of the specific development needs of small Member States and the responsiveness of the United Nations development system to these needs (JIU/REP/93/4)

9. The report indicates that no clear definition of "small State" exists and therefore adopts physical area, population and size of the economy as indicators based on which factors are reviewed such as the gross domestic product growth rates and components of the UNDP Human Development index. The conclusion can be drawn that small States do not form a coherent group of countries as their levels of Human Development indices and economic performance patterns differ widely. Thus a correlation between size and development level cannot be established. The Inspectors concluded that no useful purpose would be served by distinguishing small Member States as a separate category. Their report suggests, none the less, that these countries have two main problem areas in common: first, the diseconomies of scale, which affects both the potential and prospects of the industrial sector and the overheads on aid programmes and secondly, the vulnerability to external influences. The latter problem includes economic aspects such as commodity prices and preferential trade regimes. Environmental concerns constitute yet another issue. The report enumerates a number of characteristics which, it admits, are not exclusive to small countries but are prominent in this group of States. Those factors directly related to industrial development are: limited resource endowment; a limited, predominantly labour-intensive or virtually non-existent manufacturing sector; attempts to create state-owned over-protected enterprises; high levels of unemployment; a scarcity of qualified and skilled personnel that is attributable to weaknesses in the educational system and migration; and weak indigenous technical capacity.

10. Recommendation 1 of the report is directed at the legislative bodies of the United Nations organizations and suggests that greater weight be given to "smallness" in the allocation of development assistance whenever this factor accentuates the difficulties of economic and social development. The report also includes a wide range of further recommendations to be taken up by the United Nations agencies at the country level: flexibility in responding to the needs of small countries should be adopted; capacities to monitor environmental issues should be improved; the adoption of regional approaches by which economies of scale can be exploited should be encouraged; after carrying out pilot studies to ascertain the most effective way for doing so, economic and social research institutes should be created and strengthened; particular assistance should be extended if a small country suffers the effects of external influences. In recommendation 6 the Inspectors suggest that UNDP and the specialized agencies invite the Consultative Committee on Programme and Operational Questions (CCPOQ) to examine possibilities of standardizing area responsibilities of their field representations. In recommendation 8, the Inspectors propose that UNDP, together with UNCTAD and relevant specialized agencies, should identify information needs, users and cost-effective means of dissemination as well as examine possibilities of greater sharing of databases.

11. UNIDO provided detailed comments on the draft report of JIU which were, at least partly, reflected in the final report. For instance, UNIDO supported the view of JIU that the creation of a separate category of countries would not be useful. A number of those factors influencing the development of small countries (see previous para.) were contributed by UNIDO to the report. As to the recommendations, technical cooperation programmes of UNIDO are geared towards meeting requirements by promoting the establishment of indigenous small-scale businesses. Projects are dedicated to fostering small-scale industries, creating industrial estates and developing technical consultancy and extension services. At the level of the institutional infrastructure, great importance is attached by UNIDO to the establishment of technology development centres in view of the importance of technology in the industrial development context. Environmentally sustainable industrial development being one of the five development objectives of the Organization ensures that activities, mostly of the capacity-building type, are directed at attaining such development. Activities of UNIDO include a wide variety of capacity-building services, e.g., the Industrial and Technological Information Bank (INTIB), which contributes to the provision of information support and facilitates regional cooperation in the same field.

The United Nations system support for science and technology in Africa (JIU/REP/94/1)

12. This report is the first study in a series of three that will cover all three major developing regions. It combines issues related to scientific and technological development with those arising in the context of institution-building projects, attending to questions of capacity-building and technology transfer. Science and technology, while understood as a fundamental factor in the modernization of societies and in nation-building, is placed in the overall context of socio-economic development which, as the report states, requires political will and steering towards long-term national goals based on vision, societal consensus, discipline and stability. The report provides an overview of the mixture of definitions, concepts, programmes and activities used by a number of organizations and concludes that no common science and technology framework exists in the United Nations system. One of the main findings is that the performance of the 16 projects under review (none of which was implemented by UNIDO) was, in 50 per cent of the cases, below standard as regards their attainment in terms of institution-building capacities.

13. The recommendations of JIU are broad and focus largely on institution-building aspects of projects and not on science and technology issues per se. Their recommendations entail the following: the institution-building functions defined in the JIU report should be refined and adopted at the level of the ACC; institution-building projects should be justified by a thorough pre-feasibility analysis of the long-term cost benefit and financial sustainability of the supported institution; the programme approach mandated by General Assembly resolution 44/211 should be applied more systematically to institution-building projects; funding organizations should consider the possibility of a set of penalties, agreed at the level of ACC, so that the designation of the executing agency is made subject to past performance, including the performance of national counterpart institutions. Project agreements should explicitly specify and quantify the direct technical inputs to be provided by the regular personnel of executing agencies; justification for Chief Technical Advisers should be clearly established where projects support well-established institutions, which should increasingly be used as implementing agencies; end users should be involved in project design and planning and the linkage of the institution to the productive sector should be clearly specified in project agreements; the Secretary-General of the United Nations should initiate discussions at the highest level of ACC concerning the possibility of increased support to science and technology capacity-building in Africa, undertake consultations on the possibility of holding a summit meeting of the Organization of African Unity on science and technology and consider the feasibility and timeliness of establishing a few pilot science and technology strategic institutions at national and regional level.

14. Similar to JIU, UNIDO found during the start-up phase of its in-depth evaluation of the development and transfer of technology that not only the United Nations system but in general no harmonized conceptual framework for the development of technological capacities existed. The Organization therefore established such a framework that embeds technological development in its social, economic and cultural context with the intention to bridge questions of technological development with those of human development. It defines the components of a technological system, signifying the technological capacity, and identifies specific aspects of technology transfer. It suggests that the key development question in this context is the extent to which, and the areas in which, a country should establish indigenous capacities and which technologies should be imported - a situation that implicitly requires capacities already in place to identify, assess and select technologies and negotiate transfer agreements. This conceptual framework requires verification, a task to be undertaken during the main phase of the evaluation.

15. As to the recommendations, UNIDO pointed out that an adequate and proven framework for institution-building projects was developed during a joint evaluation exercise of the United Nations, UNDP and UNIDO in the field of industrial research and service institutions. The concept put forward in the JIU report mingles institutional issues with those concerned with support extended to the institution which, already from the conceptual point of view may impede sustainability and independence in the long term. The recommendation to ensure the linkage between institutions and the productive sector is fully supported by UNIDO, which finds it regrettable that none of the projects that were reviewed were related to that principle. The suggested introduction of a penalty system may encounter difficulties insofar as problems are quite often multi-faceted and responsibility cannot be accorded to one party alone. Moreover, such a penalty system seems contrary to the spirit of cooperation, which is a common interest in all development programmes. The proposed specification of technical inputs by agencies conforms with the UNDP successor arrangements, introduced in 1992, which foresee under TSS-2 that the services of agencies be detailed.

Communication for development programmes in the United Nations system (JIU/REP/94/4)

16. This report deals with the central role of communication for successful implementation by the United Nations system of development programmes and for an improvement of the interaction between the actors in development. It builds on the significance of communication in an increasingly interdependent world where information and awareness is an important component in meeting issues in the field of development, humanitarian assistance and peace-keeping operations. The reality of a world in rapid, constant evolution has, according to JIU, put into perspective the strategic value of communication, especially dissemination of information and sharing of knowledge. To be effective, communication must be a two-way process involving both dispensers and beneficiaries of information with the aim of finding a consensus to the satisfaction of all interests and needs. The report observes that, at present, the situation with regard to communication activities in the United Nations system is not satisfactory, nor is the level of inter-agency coordination keeping up with the evolution of the communication discipline. The subject does not feature as a priority theme for most agencies and, left to the initiative of the Chief Technical Advisor, communication is rarely integrated into the entire cycle of development

assistance. The report identifies one of the major causes for the absence of communication from development programmes to be the UNDP project execution modalities, which do not provide scope for a communication dimension.

17. The report includes the following recommendations: in agencies dealing with development or humanitarian assistance, the policy of communication should be integrated into each department and that budgets for all projects and programmes should make provisions for communication activities; communication units should enjoy a certain autonomy and have direct functional relations with the various organizational offices dealing with field activities rather than being located only in information units; donors should be invited to provide adequate resources to support and expand communication activities; at headquarters level an internal mechanism such as focal points should be established in order to ensure that all divisions are informed of each other's work; at the country level a communication coordination committee could be established in which representatives of all organizations, agencies and government offices participate; NGOs should be involved as an effective communication channel to beneficiaries; the existing informal round table conference for development communication should be regularized in order to bridge communication gaps between agencies; a systematic approach to training communication specialists should be developed by agencies and academic institutions should be encouraged to include such training in their curricula; the ACC programme classification on communication extended for UNDP use should be redefined to respond to needs of Member States.

18. UNIDO agrees with the finding of JIU that communication aspects should be built into projects, starting at the design stage, to increase the involvement and understanding of project beneficiaries and to strengthen the liaison between United Nations agencies and national authorities throughout the project. The report is being reviewed internally to derive useful lessons and take decisions for follow-up action.

National execution of projects (JIU/REP/94/4)

19. The report reviews the modality of national execution of projects which, in pursuance of General Assembly resolution 47/199, should be considered the norm for project execution. It states that the main objective to be attained through government execution is the establishment and strengthening of national capacities to pursue a process of self-development, i.e. identify, formulate, appraise, implement and evaluate technical cooperation programmes and activities. The report observes that the degree and quality of government execution depends on factors such as will, competence and authority of responsible ministries and related national offices, the attitude of UNDP and the competence and personality of its resident representative in a given country, the transparency and effective search for the most qualified executing agency and subsequently the degree of involvement of specialized agencies, the quality and extent of cooperation between all partners concerned and the nature of the project itself. The report identifies a number of shortcomings that can be summarized as the need of all parties concerned to overcome a certain degree of reluctance to fully introduce and accept national execution: donors' hesitation vis-à-vis the concept as such, agencies doubting somewhat the technical and administrative competence of Governments to execute projects, reservations of Governments vis-à-vis national experts, and the reluctance of international experts to engage in direct contracts with Governments.

20. In their recommendations the Inspectors stress the importance of implementing the modality of government execution in the spirit of cooperation: all partners should be involved in all phases of the programme approach, UNDP and specialized agencies should advise Governments on the most suitable executing agency, the choice of which should be based on principles of transparency and sincere cooperation among all parties concerned, and UNDP should ensure that funds are utilized in accordance with the mandates and rules of UNDP. Moreover, the entire United Nations system should earmark additional resources for the conduct of training courses through which national cadres could be provided with the managerial and administrative skills required for government execution. At the same time, Governments should solicit from UNDP and the donor community necessary financial support for the establishment and upkeep of the necessary infrastructure. At the country level, specialized agencies should increase their presence to provide requisite advisory services to Governments. In recognition of the cost implications of such an increased presence, JIU suggested that UNDP and specialized agencies consider the consolidation of their field offices under one roof. The multiplicity of applicable rules and regulations complicates the work of Governments and international agencies alike. Therefore, the Inspectors recommend that UNDP should revise parts of its Programme and Project Manual in order to harmonize, simplify and increase uniformity of rules and procedures. Together with the specialized agencies, UNDP should elaborate requisite guidelines for government execution. Finally, UNDP should study ways and means to increase the financial and managerial control over funds to provide guarantees to the donor community that development funds are utilized and managed in accordance with the spirit and regulatory framework of UNDP.

21. UNIDO provided extensive comments on the draft report, which were largely reflected in the final version, and agrees in general with the recommendations made by JIU. UNIDO reaffirmed its support of the goals of self-reliance and greater involvement and responsibilities of Governments in the execution of development programmes. However, it also cautioned that self-reliance was not necessarily attained through developing capacities for administering and managing the development assistance from which countries would want to become independent in the long term. Instead, national execution was rather seen as a means to ensure the expression of national sovereignty and to attain cost savings. In this context, UNIDO emphasized the importance of maintaining a tripartite relationship.

B. Administrative and organizational matters

Accountability and oversight in the United Nations (JIU/REP/93/5)

22. The report is the first part of a larger study on accountability and oversight in the United Nations system. It covers the accountability and

oversight mechanisms of the United Nations Secretariat, while a second report is under preparation by JIU on the systems that the various agencies operate in this respect.* The report presents an analysis of the four oversight offices of the United Nations Secretariat, i.e. Internal Audit Division, Central Evaluation Unit, Central Monitoring Unit and Management Advisory Service. After summarizing the basic mandates, functions, resource allocations and strengths of these four units, the report gives an insight into their major weaknesses, which relate to staff strength, competence and independence.

23. In the report, JIU recommended that all four units should be consolidated into one entity under the supervision of an appointee at the level of Under Secretary-General or Assistant Secretary-General. This recommendation is largely based on the recognition of the increasing demand of Member States for independent and accurate information on the management and utilization of resources entrusted to the United Nations system. A consolidation of all four offices and their strengthening through additional staff appointments is believed to achieve the following results: increased independence; a removal of overlaps and similarities between the four functions, thus enhancing the cooperation between the four oversight offices; improvements in transparency insofar as it is recommended that all four offices produce an annual report on their work and findings; enhancement of compliance, professionalism and economies of scale. Moreover, an oversight office strengthened in this way is believed to increase visibility and provide a stimulus that ensures sustained efforts towards management improvements. In the meantime, the Office for Inspections and Investigations headed by an Assistant Secretary-General was established. That office is currently being converted into the Office of Internal Oversight and is headed by a newly appointed Under Secretary-General.

24. UNIDO was contacted by JIU to provide information and hold discussions on the subject. This information is expected to be reflected in the forthcoming JIU report on the matter. As to its oversight functions, UNIDO has in the Office of the Director-General the Management Coordination and Monditoring Unit and the Internal Audit Unit, in the Office of the Managing Director of the Country Strategy and Programme Development Division the Quality Assurance Unit, and in the Mobilization and Management of Financial Reosurces Division, the Evaluation Section.

Analysis of cost savings from JIU reports and notes, 1985-1992 (JIU/REP/93/7)

25. The report contains a review and analysis of past JIU reports and the follow-up with organizations concerned with the implementation of the recommendations made by JIU. One of the reasons for undertaking the study was derived from the Statute of the JIU which indicates the Unit's oversight function for the economic functioning and utilization of resources of participating organizations. The intention was to identify the amount of cost savings (potentially) achieved by the proposals made in JIU reports, to suggest ways and means to improve the impact and increase the quality, clarity and specificity of future recommendations. The report identified that $78,400,000 has been or could have been saved in the United Nations system as a result of implemented recommendations.

26. UNIDO was requested to provide information on two issues, i.e. staff travel cost to international meetings and special arrangements for the reimbursement of national income taxes. On the former, the UNIDO Secretariat replied that the Director-General in office at that time had issued instructions in line with, although independent of, the recommendations of JIU. However, the extent of exact savings could not yet be established. With regard to the latter, correspondence has been initiated with the Government involved and further developments will be drawn to the attention of the Programme and Budget Committee at its eleventh session.

C. Personnel

Relationship agreements between the United Nations and the specialized agencies; review and strengthening of sections pertaining to the common system of salaries, allowances and conditions of services (JIU/REP/93/3)

27. The Joint Inspection Unit prepared this report pursuant to General Assembly resolution 46/191 section B in which the Economic and Social Council was requested to review and strengthen the applicable sections of the relationship agreements between the United Nations and member organizations of the United Nations common system in order to enhance comparability and further adherence to the goals and objectives of the common system. None of the 17 agreements concluded between the United Nations and member organizations of the United Nations common system have been revised since their conclusion, and thus do not reflect recent developments in the common system. One of the most important events subsequent to the conclusion of the agreements was the establishment of the International Civil Service Commission. JIU states that the acceptance of the Commission's statute is of key importance to the existence and operation of the common system; it provides a clear definition of the ICSC objectives and its powers and responsibilities are commensurate with its important functions.

28. The report concludes that these 17 relationship agreements resemble political declarations rather than legal instruments containing specific rights and obligations with respect to coordination matters. None the less, they provide a useful and flexible framework for the development of inter-organizational relationships.

29. The JIU recommended a number of actions aimed at strengthening the common system: a complete and updated evaluation of the implementation of all agreements should be undertaken, indicating those areas that function properly as compared to those that require revision; a more active and specific application of existing coordination measures; an extended role of ICSC through its exposure to agencies in the form of participation in meetings and consulting management and staff as well as anticipating, addressing and reporting on potential problems to the General Assembly; the formulation of agreed interpretations and understandings of relevant provisions of the

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* That report is expected in September/October 1994 and will be covered in the next note by the Secretariat on JIU activities.

relationship agreements by the Economic and Social Council, the General Assembly and the governing bodies of the agencies, whereafter the interpretations should be dealt with through the ACC machinery and submitted for approval by the General Assembly and the governing bodies of the agencies; a more active use of the possibility of supplementary arrangements concluded by executive heads of agencies to regularize modalities of practical cooperation; the General Assembly and Council should bring to the attention of Member States the importance of presenting coherent and consistent positions on the various common system issues at the forums of the different agencies; substantially more preparatory background work to be undertaken by relevant subsidiary bodies either through the Committee for Programme and Coordination (CPC), who should be entrusted with the task of formulating draft understandings and interpretations, or through the creation of an inter-sessional committee on coordination matters; the continuation of periodic sessions devoted to system-wide coordination matters at joint meetings of CPC and ACC at the high-level segment of the Economic and Social Council in order to arrive at a common perception of coordination and a common understanding of resources needed to make most efficient use of the institutional and human potential of the United Nations system of organizations.

30. UNIDO fully supports the common system and participates actively in the relevant inter-agency mechanisms while, however, maintaining its status as a specialized agency. As to the recommendation that ICSC representatives should participate in agency meetings, UNIDO cautioned that this would result in cost increases beyond its benefits and effects.

Advancement of the status of women in the United Nations Secretariat in an era of "human resources management" and "accountability": a new beginning? (JIU/REP/94/3)

31. The report is part of a broader JIU assessment on the status and advancement of women through, and in, the programmes of the United Nations system. It examines actions being taken to eliminate bias against and exclusion of women, and to establish and maintain gender equity in the United Nations Secretariat. The report is based on the understanding that the enhancement of the status of women in the United Nations Secretariat would go a long way to achieve the equal rights principles called for in the United Nations Charter, and strengthen the credibility and world-wide leadership role of the United Nations in this respect. Although the report is directed towards the United Nations Secretariat, the Inspector was of the opinion that the ideas discussed therein would be of interest to other agencies of the system. The report focuses particularly on the current opportunity to greatly strengthen the status and advancement of women as part of new policies calling for greater transparency, accountability and strategic management of human resources in the Secretariat. The report observes that the many programmes adopted by the United Nations for the advancement of women have proven ineffective, because the underlying organizational climate and personnel processes of the Secretariat have scarcely changed, thus resulting in many quantitative targets not being met. It concludes that while the major obstacles to women's advancement have been much talked about, they have not been reduced.

32. The recommendations are directed at the General Assembly and Secretary-General and entail the following: the comprehensive report on personnel matters should be continued as a biannual human resources report; the Office of Human Resources Management (OHRM) should be strengthened by creating a small, specialized planning and analysis staff in the Office; accountability for and follow-up on personnel programmes should be greatly increased through an emphasis on substantive data and analysis; a new, ten-step programme should be implemented including the greater involvement of the Advisory Panel on Management and Finance, resumed reporting by the Steering Committee for the Improvement of the Status of Women, expert consultant services should be obtained for the Steering Committee, building of a world-wide network of secretariat focal points and committees, integrated in the new system of accountability, and responsible heads and programme managers should be held fully accountable for implementing policies for women's advancement, systematic analysis to improve the situation and prospects of women General Service staff, certification by OHRM to ensure equal opportunities in recruitment procedures, identification of new, cost-effective ways to contact and recruit highly qualified women, submission of female candidates by Member States, and pursuance of diversity training, work place issues and full implementation of sexual harassment grievance processes.

33. UNIDO supports the principles of gender equality. During the recent promotion excercise, a special policy was adopted to ensure an improved ratio of women in senior Professional-level categories, in an effort to counterbalance the effects of the staff reduction exercise. Moreover, since 1988, the Director of Personnel Services has been appointed as the High-Level Coordinator for the Improvement of the Status of Women in the Secretariat and is supported by the Joint Advisory Committee Sub-Committee on Women. The Sub-Committee has wide-ranging functions, including the identification, review and maintenence of measures to ensure gender neutrality in the policies and procedures of the Secretariat (cf. UNIDO/DA/PA/INF.1021).

Toward a new system of performance appraisal in the United Nations Secretariat: Requirements for successful implementation (JIU/REP/94/5)

34. This report is part of the continuing work by JIU on the issues of accountability and responsibility and was prepared in response to a request of the United Nations Secretariat and concerns expressed by Member States at the General Assembly. In light of the increasing pressure on international organizations to utilize their scarce resources most effectively and efficiently, organizations need to develop a more dynamic and responsive culture. The report found that while the United Nations had attempted to evaluate and appraise the performance of its staff for many years, staff, administration and the General Assembly expressed strong dissatisfaction with the process. In spite of improvements in the system that have been attempted over the past 17 years, JIU concludes that the system fails to provide objective analyses and performance assessment as too much emphasis is placed on the subjective measure of the characteristics and traits of staff. Moreover, ratings are not only vague but an unrealistically large number of performances are rated in the upper end of the scale which

renders the system meaningless for promotion and career development purposes. A new performance appraisal system is a central component of a system of increased accountability and responsibility, changes the basic nature of supervisor-staff relationships and contributes to a fundamental change in the organizational climate throughout the United Nations system.

35. The report recommends to establish and continuously enhance the new performance appraisal system under the careful monitoring of the Secretary-General and the General Assembly. To provide the full commitment that such a major change in organizational culture requires, the Secretary-General should take determined action to implement and continuously upgrade an improved accountability system, ensure highly visible and continuous commitment of top management and support to the new appraisal system, establish clear guidance and roles for all managers/ supervisors and organize special training to enable them to carry out their critical new responsibilities. Moreover, the Secretary-General should give high priority to the establishment of an integrated system that links mandates, objectives, strategies, work programmes and individual staff performance agreements and standards, thus serving as a basis for improved assessment of staff performance and programme performance alike; ensure objective, transparent, distinct and fair ratings, utilizing performance rating as the key input to promotion and placement as well as respond to the General Assembly's call for firm sanctions for poor performers; and establish a formal, full-time unit in charge of the implementation of the performance appraisal system and its future improvements as well as reporting to the General Assembly. In addition, staff training plans should be revised and expanded to prepare staff for the new system, make 1995 the transitional year during which the system would be introduced while keeping in mind that other elements of the accountability system are not yet in place, and providing additional financial resources for the implementation of the new system.

36. UNIDO shares the concerns raised by JIU and observed the same shortcomings with its performance appraisal system, which it shared with the United Nations until 1989. As of that year, UNIDO introduced a new system of performance appraisal that increases objectivity and performance assessment according to agreed targets. Largely based on the process of consultation, tasks to be performed during a reporting period are agreed between supervisors and staff members. The system operates on the principles established by ICSC. UNIDO is currently reviewing the appraisal performance system and has at present a working group looking into further improvements. It is appreciated that JIU recommends a move into the same direction for the United Nations.

III. ACTION REQUIRED BY THE BOARD

37. In compliance with the provisions of the statute of JIU and resolution 48/221 of the General Assembly (see para. 2 above) that foresee that recommendations made by JIU should be considered and approved by Member States prior to their implementation by organizations and agencies, the Board may wish to review the recommendations of JIU together with the UNIDO views thereon and provide policy guidance for follow-up action.

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ADMINISTRATIVE MATTERS: JOINT INSPECTION UNIT

Activities of the Joint Inspection Unit in 1993 and first half of 1994 of relevance to UNIDO

Note by the Secretariat

Addendum

United Nations system common premises and services in the field

1. The present document constitutes an update to the information contained in document IDB.13/23 in order to reflect a recent Joint Inspection Unit (JIU) report on United Nations system common premises and services in the field (JIU/REP/94/8). In that report, which is available with the Secretariat for information, the following recommendations are made by the Inspector:

Recommendation 1 - Legislative authority for the specialized agencies

"The relevant provisions of General Assembly resolutions relating to common premises and services in the field should be further submitted by the specialized agencies to their respective governing bodies, which should provide more precise legislative authority to their secretariats on the subject of this report in fulfilment of their treaty obligations under the Relationship Agreements they have concluded and ratified with the United Nations."

Recommendation 2 - Standard Representation Agreement

"In his capacity as Chairman of ACC [Administrative Committee on Coordination], the United Nations Secretary-General should initiate consultations with all appropriate parties with a view to achieving, to the extent possible, a new Standard Representation Agreement for all United Nations system field representations. The Agreement should inter alia:

"(a) Translate into concrete operational terms at the country level the relevant Articles of the Relationship Agreements between the United Nations and the specialized agencies pertaining to maximum achievement of common facilities and services, and the avoidance of competition for and duplication of resources amongst the parties.

"(b) Reflect more comprehensively General Assembly resolutions on field common premises and services as well as other policy directives relating to operational activities for development, with emphasis on maximum integration of these activities and the co-ordinating authority and role of the Resident Co-ordinator.

"(c) Contain an explicit clause enabling United Nations system organizations to provide, when and if necessary, essential services to their field staff without restriction or prohibition.

"(d) Take into account the need to reduce the financial costs of United Nations system field representations to host governments of low income and least developed countries."

Recommendation 3 - Administrative Committee on Coordination (ACC)

"In view of the significant financial and other benefits to be derived by United Nations system organizations from the development of a world-wide programme of common premises and services, as suggested in [the JIU] report, the executive heads of ACC should, among other measures:

"(a) Set up an Ad-hoc Task Force, assisted by JCGP/CPSP [Joint Consultative Group on Policy/Sub-Group on Common Premises and Services Project], to work out and refine the legal, financing and other practical modalities for implementing such a programme under a medium or long-term strategy aimed at significant reduction of the overhead expenditures of their field programmes and projects, and improving social services for their field staff at hardship duty stations. The Task Force should report to the executive session of ACC by the autumn of 1995;

"(b) Consider the feasibility of transforming JCGP/CPSP into an ACC sub-committee or Unit charged with responsibility for designing, developing and implementing the programme of common premises and services described in [the JIU] report. The terms of reference, staffing, financing and management of the Unit should be elaborated by the Ad-hoc Task Force recommended under (a) above;

"(c) Provide, in the context of recommendations 1 and 2, explicit instructions to their field representatives to participate fully in discussions and arrangements concerning common premises and services at the country level."

2. In compliance with recommendation 1, the attention of the Board is drawn to the following relevant resolutions of the United Nations General Assembly specified in the JIU report: 42/196 (1987), 44/211 (1989), 46/219 (1991), 47/199 (1992) and 48/209 (1993). The resolutions are available with the UNIDO Secretariat for consultation.

3. Among the documentation issued under agenda item 5 (e) on the UNIDO Country Director programme is document ID8.13/3/Add.1, which contains the proposals of the Director-General for a programme framework for UNIDO field representation. As explained in that document, the UNIDO field offices are an integral part of the field representation network of the United Nations Development Programme.

4. Concerning recommendation 3 of the Inspector, UNIDO is prepared to participate in the proposed ad hoc task force reporting to ACC and to share its extensive relevant experience.

ACTION REQUIRED OF THE BOARD

5. The Board may wish to review the recommendations contained in JIU report JIU/REP/94/8 together with the UNIDO views thereon and provide policy guidance for follow-up action, as recommended by the Inspector in recommendation 1.

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UNIDO-ADMINISTERED FUNDS: IN-DEPTH EVALUATION OF SPECIAL TRUST FUND PROJECTS

Progress report by the Director-General

Summary

Reports on the progress in the in-depth evaluation on special trust fund projects, as requested by the General Conference in resolution GC.5/Res.8, paragraph 2 (b).

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Introduction

1. The in-depth evaluation of special trust fund projects was among the in-depth evaluations requested by the Industrial Development Board in its decision IDB.5/Dec.12 - a request reiterated subsequently in decision IDB.6/Dec.14 and referred to by the General Conference in its resolution GC.5/Res.8 that requested the Director-General to report on the results of that evaluation, taking into account the new organizational and staff structure of UNIDO as set out in document GC.5/23.

2. The present report provides advance information on the progress of the above evaluation. The final evaluation report is expected to be completed at the end of October 1994 and will then be made available as a conference room paper to the thirteenth session of the Board. The report will deal extensively with the definition and composition of the special trust funds, their mandates, administration and monitoring before and after the reorganization of 1 January 1994. It will contain the main findings of the individual project in-depth evaluations undertaken and a concluding chapter with recommendations.

I. DEFINITION AND COMPOSITION OF THE SPECIAL TRUST FUNDS

3. Trust fund (i.e. funds entrusted by donors to UNIDO for the implementation of a predetermined set of activities) projects have been dealt with by UNIDO since its inception. A significant landmark occurred in 1978 with the beginning of a large self-financed trust fund project in a North African country. The designation "special trust fund" was introduced with the reorganization of the UNIDO Secretariat in 1986 and the concept was subsequently defined as follows: "The special trust fund schemes of UNIDO are designed to provide financing mechanisms that enable the Organization to respond promptly and efficiently to the needs of recipient countries, particularly those of industrial enterprises (public, private and cooperative) and in cases where such needs are not easily met by traditional assistance programmes" (UNIDO/DG/B.73/Rev.2).

4. The composition of the special trust funds between 1 January 1986 and 31 July 1994 was as follows:

Trust fund group	Number of projects	%	Financial allotment (US$)	%
Self-financed	93	14	73 521 471	31
Third-party trust funds	448	68	56 676 883	24
UNDP trust funds	77	12	8 702 510	3
Genetic engineering	17	3	89 942 071	38
Other trust funds	18	3	9 901 140	4
TOTAL	653	100	238 744 075	100

5. Projects related to the operation of cement plants in Egypt, the Libyan Arab Jamahiriya and Nigeria account for 86 per cent of allotments of the first group, i.e. "self-financed trust fund projects".

6. Out of the second grouping, "third-party trust fund projects" 42 per cent relate to Associate Experts and travel for Junior Professional Officers, the remaining 58 per cent being sponsored mostly from governmental sources to finance specific technical cooperation projects. The main donors for these are, in descending order: Japan, the Armenian General Benevolent Fund, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Denmark and France.

7. "UNDP trust funds" relate mostly to the financing of in-plant group training programmes.

8. "Genetic engineering" concerns activit related to the establishment and operation International Centre for Genetic Engineerin Biotechnology.

9. "Other trust funds" originate mostly f World Bank loans and credits (75 per cent). also relate to some types of government cos sharing, projects related to the UNIDO Comp Model for Feasibility Analysis and Reportin a few additional minor subcomponents.

II. SCOPE OF THE EVALUATION

10. The ongoing evaluation is based on thr types of evaluative inputs: in-depth evalu of projects, desk reviews, project file rev The first two were made in respect of proje where the donors agreed to undertake such evaluations and of the associate expert pro as listed below:

Donor	Title
	In-depth evaluations
Denmark	Two projects comprising the programme of direct support to industry in developing countries.
Japan	Cluster of four projects:
	(a) First pilot processing plant by rural women (in an East African coumtry);
	(b) Development of rural industries at grass-roots level (in an East African cou
	(c) Development of small and cottage industries at grass-roots level (im an East country);
	(d) Integration of women in agro-industry development (in a West Africam country
Japan	Cluster of three projects in an East European country:
	(a) Improvement and rehabilitation of a steel plant;
	(b) Investigation and improvement of environmental impact of iron and steel indu
	(c) Statistics methods for company-wide quality control.
Japan	Action programme to support the dynamic development of the building materials ind with particular reference to the cement industry in the South-eastern Afirica subr
Nigeria	Technical assistance to the Cement Company of Northern Nigeria.
Several donors	Associate Expert programme.
	Desk reviews
Japan	Promotion of traditional textiles industry in West African least developed countr

11. The evaluators also used the report of a United Kingdom mission that reviewed the progress of two projects financed by the United Kingdom Know-How Fund for two East European countries that contained useful evaluative material.

12. For the projects not listed above, the evaluators used information available in UNIDO registry project files.

III. PRELIMINARY FINDINGS

13. Projects financed under special trust funds do not differentiate in essence from the traditional technical cooperation activities of UNIDO.

14. The approval and implementation process did benefit from more flexibility than the one applied to traditional technical cooperation activities. This flexibility was awarded by some donors and did not relate intrinsically to the special trust funds as such.

15. Monitoring of most of the projects financed by special trust funds, particularly self-financed trust fund projects, did not follow established UNIDO practices. In-depth evaluations were conducted for the first time in connection with the present exercise. Substantive lessons learned from the in-depth evaluations conducted in respect of special trust fund projects do not differ from those obtained from in-depth evaluations of traditional technical cooperation projects.

16. Implementation of special trust fund projects was sometimes carried out outside the appropriate organizational units in UNIDO and therefore did not benefit from the accumulated in-house professional competence and experience.

17. The current organizational structure of UNIDO established since 1 January 1994, where funds mobilization is organized in terms of donors rather than funding mechanisms and which provides a uniform treatment for the design, appraisal and implementation of projects irrespective of the source of funds (UNIDO/DG/B.177), is validated by the in-depth evaluation.

IV. ACTION REQUIRED OF THE BOARD

18. The Board may wish to take note of the information contained in the present progress report.